

**NEW ISSUE
BANK QUALIFIED**

Standard & Poor's " ___ "

In the opinion of Bond Counsel, under existing law (i) interest on the Bonds (defined below) will be excludible from gross income of the holders for purposes of federal income and will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) interest on Bonds will be exempt from income taxation, and the Series 2010 Bonds will be exempt from ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions, all subject to the qualifications described herein under the caption "TAX TREATMENT."

\$3,885,000*

**LOGAN COUNTY PUBLIC PROPERTIES CORPORATION
FIRST MORTGAGE REVENUE REFUNDING BONDS, SERIES 2010
(DETENTION FACILITIES PROJECT)**

Dated: Date of Delivery

Due: September 1, as shown below

Interest on the Bonds is payable each September 1 and March 1, beginning September 1, 2010. The Bonds will mature as to principal on September 1, 2010 and each September 1 thereafter as shown below. The Bonds are being issued as fully registered bonds and will be available for purchase in principal amounts of \$5,000 and integral multiples thereof.

<u>Maturing September 1</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price/ Yield</u>	<u>CUSIP Number</u>	<u>Maturing September 1</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price/ Yield</u>	<u>CUSIP Number</u>
2010	\$210,000	%	%		2018	\$260,000	%	%	
2011	210,000				2019	270,000			
2012	215,000				2020	285,000			
2013	220,000				2021	295,000			
2014	225,000				2022	310,000			
2015	230,000				2023	320,000			
2016	245,000				2024	340,000			
2017	250,000								

Purchaser's Option - The Purchaser of the Bonds may specify to the Financial Advisor that any Bonds may be combined with immediately succeeding sequential maturities into a Term Bond or Term Bonds, bearing a single rate of interest, with the maturities set forth above (or as may be adjusted as provided herein being subject to mandatory redemption in such maturities for such Term Bond(s).

Principal and interest on the Bonds are payable at the principal office of U.S. Bank National Association, Louisville, Kentucky, as Trustee (the "Trustee"). The Bonds will be initially issued as fully registered bonds in book entry form in the name of The Depository Trust Company ("DTC") or its nominee. There will be no distribution of Bonds to owners of book entry interests. DTC will receive all payments of principal and interest with respect to the Bonds from the Trustee. DTC is required by its rules and procedures to remit such payments to participants in DTC for subsequent disbursement to the owners of book entry interests. So long as DTC or its nominee is the registered owner of the Bonds, references herein to the Bondholders or registered owners (other than under the captions "TAX TREATMENT" and "CONTINUING DISCLOSURE") shall mean DTC or its nominee, and not the owners of book entry interests in the Bonds. The Bonds will be issued in denominations of \$5,000 each or integral multiples thereof.

The Bonds are subject to redemption prior to maturity as described herein.

The Bonds are special and limited obligations of the Logan County Public Properties Corporation (the "Corporation"), a nonprofit, non-stock public corporation and agency of the County of Logan, Kentucky (the "County"), issued at the request of the County, and do not constitute a debt, liability or general obligation of the Corporation or the County within the meaning of the Constitution and laws of the Commonwealth of Kentucky, or a pledge of the faith and credit or the taxing power of the County. The Bonds are being issued by the Corporation for the purpose of refunding certain Prior Bonds (hereinafter defined) of the Corporation. See Plan of Refunding herein for a description of the Prior Bonds to be refunded.

The Bonds are offered when, as and if issued, subject to the approval of legality and tax exemption by Peck, Shaffer & Williams LLP, Covington, Kentucky, Bond Counsel. Certain legal matters have been passed upon for the County by Thomas A. Noe, Esq., County Attorney. The Bonds are expected to be available for delivery on or about March 18, 2010.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

*Preliminary, Subject to Permitted Adjustment

This Preliminary Official Statement and information contained herein are subject to change, completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**LOGAN COUNTY
PUBLIC PROPERTIES CORPORATION**

Logan Chick, President
Harold Prince, Director
Curtis Watkins, Director
Jo Orange, Director

Michael O'Dell, Secretary

**LOGAN COUNTY, KENTUCKY
FISCAL COURT**

Judge/Executive

Logan Chick

Harold Prince, Magistrate
Curtis Watkins, Magistrate
Dickie Carter, Magistrate
Loyd Houchens, Magistrate
Jo Orange, Magistrate
Thomas Bouldin, Magistrate

County Attorney

Thomas A. Noe, Esq.

County Treasurer

Elaine Jenkins

Fiscal Court Clerk

Micheal O'Dell

BOND COUNSEL

Peck, Shaffer & Williams LLP
Covington, Kentucky

FINANCIAL ADVISOR

First Kentucky Securities Corporation
Frankfort, Kentucky

TRUSTEE

U.S. Bank National Association
Louisville, Kentucky

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the Logan County Public Properties Corporation identified on the cover page hereof. No person has been authorized by the Corporation to give any information or to make any representation other than that contained in the Official Statement, and if given or made such other information or representation must not be relied upon as having been given or authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the Corporation since the date hereof.

Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency, except the Corporation and the County, will pass upon the accuracy or adequacy of this Official Statement or approve the Bonds for sale.

This Official Statement includes the front cover page immediately preceding this page and all Appendices hereto.

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\$3,885,000*
LOGAN COUNTY PUBLIC PROPERTIES CORPORATION
FIRST MORTGAGE REVENUE REFUNDING BONDS, SERIES 2010
(DETENTION FACILITIES PROJECT)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices hereto, is to set forth certain information pertaining to the Logan County Public Properties Corporation, First Mortgage Revenue Refunding Bonds, Series 2010 (Detention Facilities Project) (the "Series 2010 Bonds" or the "Bonds").

The Logan County Public Properties Corporation (the "Corporation") adopted a Resolution on February 9, 2010, authorizing the issuance of the Bonds. The net proceeds of the Bonds, together with certain other available funds, will be used to (i) currently refund the outstanding First Mortgage Revenue Bonds (Detention Facilities Project), Series 1998 issued by the Corporation and (ii) pay the cost of issuance of the Bonds. The Corporation was created by the County of Logan, Kentucky (the "County") to act as the agency and instrumentality of the County in acquiring, developing and financing public improvements and public projects.

The Bonds are to be issued pursuant the terms of a Mortgage and Deed of Trust dated as of March 1, 2010 (the "Mortgage") by and between the Corporation and U.S. Bank National Association, as Trustee (the "Trustee"), and are secured by a foreclosable first mortgage lien on the Project and by the assignment by the Corporation of all its right, title and interest to the Contract, Lease & Option dated as of March 1, 2010 by and between the Corporation and the County (see "The Lease" herein).

This Official Statement should be considered in its entirety, and no one subject discussed should be considered more or less important than any other by reason of its location in the text. Reference should be made to laws, reports or other documents referred to in this Official Statement for more complete information regarding their contents. Prior to issuance and delivery of the Bonds, copies of the Mortgage and the Lease may be obtained at the office of Peck Shaffer & Williams LLP, Covington, Kentucky.

THE COUNTY

The County of Logan, Kentucky, is a public body corporate and politic duly created and existing as a County and political subdivision of the Commonwealth of Kentucky (the "Commonwealth").

The County is governed by a Fiscal Court consisting of an elected County Judge/Executive and six (6) elected Magistrates. These seven (7) members comprise the Fiscal Court and are elected to four (4) year terms. There is no limitation for succession by any member of the Fiscal Court.

Demographic, economic and financial data regarding the County is included in Appendix A.

THE CORPORATION

The Logan County Public Properties Corporation is a nonprofit, no-stock public and governmental corporation organized and existing under the law of the Commonwealth, including particularly Section 58.180 and Sections 273.161 to 273.390, inclusive, of the Kentucky Revised Statutes ("KRS").

The Corporation's principal purpose is to act as an agency and instrumentality of the County in the planning, promotion, development, financing and acquisition by the Corporation for and on behalf of the County of public improvements and public projects for the County which may properly be undertaken by the County pursuant to the general statutory laws of the Commonwealth, including Chapter 58 of the Kentucky Revised Statutes.

Any bonds or other indebtedness issued or contracted by the Corporation for or on behalf of the County shall, prior to the issuance thereof or incurrence thereon, be specifically approved by the County, acting by and through its Fiscal Court as its duly authorized and empowered governing body.

The members of the Board of Directors of the Corporation are the County Judge/Executive and three of the members of the Logan County Fiscal Court. Their terms expire when they cease to hold the office.

THE BONDS

General

The Bonds will be dated their initial issuance and delivery (expected to be March 18, 2010). Interest on the bonds is payable semi-annually on September 1 and March 1 of each year commencing September 1, 2010. The Bonds will mature on September 1 of each year, in the years and in the principal amounts as set forth on the cover page of this Official Statement.

Book-Entry

Unless the successful purchaser notifies the County in writing within twenty-four hours of the award of the Bonds that it has elected (at such purchaser's expense) to take physical delivery of the Bonds, the Bonds will initially be issued solely in book-entry form to be held in the book-entry only system maintained by The Depository Trust Company ("DTC"), New York, New York. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of Bonds and, except as otherwise provided herein with respect to Beneficial Owners (as defined below) of beneficial ownership interests, Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds under the Mortgage.

The following information about the book-entry only system applicable to the Bonds has been supplied by DTC. Neither the Corporation nor the Trustee make any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for in the aggregate principal amount of the Bonds and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct

Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date.

The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC or its nominee, the Trustee or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Corporation believes to be reliable but neither the Corporation nor the Trustee take any responsibility for the accuracy thereof.

NEITHER THE COUNTY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A HOLDER WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PURCHASE PRICE OF TENDERED BONDS OR THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE MORTGAGE TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

Each Beneficial Owner for whom a Direct Participant or Indirect Participant acquires an interest in the Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, to have all notices of redemption, elections to tender Bonds or other communications to or by DTC which may affect such Beneficial Owner forwarded in writing by such Direct Participant or Indirect Participant, and to have notification made of all debt service payments.

Beneficial Owners may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation to any transfer or exchange of their interests in the Bonds.

The Corporation and the Trustee cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Bonds made to DTC or its nominee as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

DTC may determine to discontinue providing its service as securities depository with respect to the Bonds at any time by giving notice to the Corporation and discharging its responsibilities with respect thereto under applicable law. In such event, the Mortgage provides for issuance of fully registered Bonds ("Replacement Bonds") directly to the Beneficial Owners of Bonds, other than DTC or its nominee, only in the event that DTC resigns or is removed as the securities depository for the Bonds. Upon the occurrence of this event, the County and the Trustee may appoint another qualified depository. If the County and the Trustee fail to appoint a successor depository, the Bonds shall be withdrawn from DTC and issued in fully registered form, whereupon the Corporation shall execute and the Trustee, as authenticating agent, shall authenticate and deliver Replacement Bonds in the denomination of \$5,000 or integral multiples thereof. The Corporation will pay for all costs and expenses of printing, executing and authenticating the Replacement Bonds. Transfer and exchange of such Replacement Bonds shall be made as provided in the Mortgage.

Registration, Payment and Transfer

The Bonds are to be issued in denominations of \$5,000 and any integral multiple thereof.

All Bonds shall be registered as to both principal and interest on the registration books maintained at the corporate office of the Trustee, U.S. Bank National Association, Louisville, Kentucky, acting as Bond Registrar (the "Registrar"). No transfer of any Bonds shall be valid unless made on said books at the request of the Registered Owner in person or by his attorney duly authorized in writing, and similarly noted on such Bond. Bonds may be exchanged for Bonds of other authorized denominations upon surrender of the Bonds to be exchanged to the Registrar with a written request for such exchange, duly executed by the Registered Owner thereof or by his duly authorized attorney. The Registrar shall not be required to transfer or exchange any Bond on any date which is after the fifteenth day of the month preceding any interest payment date, or during any period beginning 15 days prior to the selection by the Trustee of Bonds to be redeemed prior to maturity and ending on the date of mailing of notice of any such redemption. The person in whose name a Bond is registered upon the books of the Corporation shall be deemed the Registered Owner thereof for all purposes.

Interest on each Bond shall be payable by check or draft mailed to the Registered Owner thereof as of the fifteenth date of the month immediately preceding that date for payment of such interest at the address shown on the registration books kept by the Registrar. The principal of and premium, if any, on the Bonds shall be payable, without exchange or collection charges, in lawful money of the United States of America upon their presentation and surrender as they respectively become due and payable, whether at maturity or by prior redemption, at the principal corporate trust office of the Trustee.

Optional Redemption

The Bonds maturing on and after September 1, 2021 are subject to optional redemption on any date on and after September 1, 2020 in whole or in part, in such order of maturity as may be selected by the Corporation and by lot within a maturity, at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

Notice of Redemption

If less than all Bonds which are payable by their terms on the same date are to be called, the particular Bonds or portions of Bonds payable on such same date and to be redeemed from such series shall be selected by lot by the Trustee, in such manner as the Trustee in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof, and that, in selecting Bonds for redemption, the Trustee shall treat each

bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

At least thirty (30) days before the redemption date of any Bonds the Trustee shall cause a notice of such redemption either in whole or in part, signed by the Trustee, to be mailed, postage prepaid, to all registered owners of Bonds to be redeemed in whole or in part at their addresses as they appear on the registration books kept by the Trustee, but failure so to mail any such notice shall not affect the validity of the proceedings for such redemption. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive numbers or letters, if any, of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date upon surrender of such Bonds, a new Bond in principal amount equal to the unredeemed portion of such Bonds will be issued.

On the date so designated for redemption, notice having been sent in the manner and under the conditions hereinabove provided and moneys for payment of the redemption price being held in separate accounts by the Trustee for the holders of the Bonds or portions thereof to be redeemed, the Bonds or portions of Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds or portions of Bonds on such date, interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, and the holders or registered owners of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and to receive Bonds for any unredeemed portions of Bonds.

In case part but not all of an outstanding Bond shall be selected for redemption, the registered owner thereof or his attorney or legal representative shall present and surrender such Bond to the Trustee for payment of the principal amount hereof so called for redemption, and the Corporation shall execute and the Trustee shall authenticate and deliver to or upon the order of such registered owner or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered a Bond of the same series and maturity and bearing interest at the same rate.

Defeasance

The Corporation reserves the right at all times during the term of the Lease, to make provision for discharge of all Bonds by depositing into the Sinking Fund moneys sufficient to pay all principal and interest requirements on the Bonds to and on the first or next date of redemption, or to the date of maturity, together with sufficient additional moneys to redeem and discharge all outstanding Bonds on such redemption date, or to deposit into the Sinking Fund such principal amount of permissible Investment Obligations as shall, with earnings thereon, produce the identical result.

THE PLAN OF REFUNDING

The Corporation has heretofore issued and has outstanding \$3,805,000 of its Logan County Public Properties Corporation First Mortgage Revenue Bonds (Detention Facilities Project), Series 1998 (the "Prior Bonds"). A portion of the proceeds of the Bonds will be transferred to the Paying Agent for further transfer to Republic Bank & Trust Company, as the trustee for the Prior Bonds (the "Series 1998 Trustee"), and deposited in a fund to redeem all the Prior Bonds on or about April 1, 2010, at a redemption price of 101% of the principal amount thereof plus accrued interest on the Prior Bonds to the redemption date. Upon the making of the foregoing deposits with the Series 1998 Trustee, the Prior Bonds will no longer be deemed to be outstanding for purposes of the Mortgage Deed of Trust under which the Prior Bonds were issued.

The refunding plan is being undertaken to provide interest costs savings to the Corporation and the County.

ESTIMATED SOURCES AND USES OF FUNDS

The following table shows the estimated sources and uses of proceeds of the Bonds, other than any portions thereof representing accrued interest:

Sources:	
Bond Proceeds	\$
[Plus Premium][Less Discount]	_____
Total Sources	\$
Uses:	
Deposit to Escrow Fund	\$
Underwriter's Discount	
Cost of Issuance	_____
Total Uses	

SECURITY AND SOURCES OF PAYMENT

Security

The Bonds will, upon their issuance, be secured by a foreclosable first mortgage lien on the Project. The Bonds will also be secured by the assignment by the Corporation of its right, title, and interest in and to the Lease Agreement, dated as of March 18, 2010 with the Corporation providing for the lease of the Project and the Project Site to the County on an automatically renewable biennial and annual basis, respectively, and rental payments adequate to meet the maturing principal and interest payments of the Bonds to the due date of the Bonds (for a further description of such payments see "The Lease" herein).

Sources of Payment

The Bonds are secured by a foreclosable first mortgage lien on the Project. The only source of funds expected by the Corporation to meet the debt service on the Bonds are the rental payments to be received from the County for the use of the Project. The County must appropriate funds each fiscal year during which the Lease is renewed to meet the rental payments for its leasing of the Project. While the County is legally obligated only for the initial rental period ending June 30, 2010, it has expressed its intention to renew the Lease for each ensuing fiscal year ending on June 30 until the Bonds have been fully discharged and retired.

The Bonds are limited obligations of the Corporation, and do not constitute a pledge of the faith and credit of the Corporation, the County or any taxing authority or political subdivision thereof for the payment of the principal or interest thereon. The Corporation has no taxing authority. The Bonds are payable solely from and secured by receipts and revenues of the Corporation under the Lease (for a further description of such payments see "The Lease" herein).

ADDITIONAL BONDS

If at any time insurance proceeds are insufficient to make repairs or reconstruct portions of the Project which have been damaged, then the Corporation has reserved the right and authority, and covenants that it shall authorize, issue, sell and deliver a sufficient amount, but only a sufficient amount,

of additional bonds which will be on a parity as to security with the Bonds in order to make such necessary repairs and reconstruction.

The Corporation further reserves the right to issue additional bonds which may be on a parity as to security with the Bonds in order to advance refund a portion of the Bonds then outstanding under the Mortgage; provided that additional bonds for such purpose may only be issued if the annual principal and interest payments on the Bonds after issuance of the additional bonds will be no greater in any fiscal year than the annual principal and interest payments on the Bonds prior to the issuance of the additional bonds and that the final maturity date of the Bonds is no later than their original final maturity date.

However, no additional bonds on a parity as to security with the Bonds for such specific purposes hereinbefore provided may be issued unless at such time the Corporation is in compliance with all of the provisions with reference to the payment of the principal of and interest on the Bonds and is in compliance with all of the covenants made in connection with the issuance of the Bonds. If any additional bonds are issued on a basis of parity as to security with the Bonds, the Lease shall provide for increased rentals sufficient to pay the principal of and interest on such additional parity bonds. Additionally, from the proceeds of said additional bonds there shall be deposited to the Debt Service Reserve Fund, an amount equal to the Reserve Requirement for such additional bonds; provided, that no such deposits shall be in excess of the maximum amounts specified by § 148 of the Code.

No other additional bonds may be issued at any time secured by a pledge of the specific revenues of the Project except and unless such pledge is made subject and subordinate to the priority of the pledges made in the Mortgage to secure the Bonds herein authorized and the additional bonds.

STATE SUPERVISION

Budget Process

The Governor's Office for Local Development (GOLD) is an independent agency of the Commonwealth of Kentucky attached to the Governor's office. A principal function of GOLD is to provide technical support, monitoring and evaluation of local units of government (cities, counties, and special districts).

The Division of County and Municipal Accounting of GOLD has established a uniform system of accounting that all counties in the state must use in reporting their revenues and expenditures. The counties are required to prepare and submit an annual budget for each fiscal year.

The county budget is required to have a fund known as the "sinking fund principal account" and a fund known as the "sinking fund interest account." There shall be allocated annually to the sinking fund principal account a sum equal to the proportional yearly amount necessary to retire each bond issue of the county at maturity, and to the sinking fund interest account a sum equal to the interest on bonded indebtedness payable during the current budget year.

Bond Issue Approval/Notice

Kentucky Revised Statutes 66.310 stipulates that no county may lease a public facility that is to be financed at the county's request through the issuance of bonds by another public body or by a non-profit corporation serving as an agency and instrumentality of the county, if the indebtedness of the county, is in excess of one-half of one percent (.5%) of the value of taxable property therein, without first securing the written approval of the State Local Debt Officer. No approval will be required with respect to the issuance of the Bonds, since the Bonds are being issued solely for the purpose of refunding the Prior Bonds, which Prior Bonds were previously approved by GOLD prior to their issuance.

Accordingly, notice of the issuance of the Bonds will be provided to GOLD pursuant to Kentucky Revised Statutes Section 66.045.

THE LEASE

The following is a summary of certain of the terms and provisions of the Lease.

Lease Period and Amount

The Lease provides that the County will lease from the Corporation, the Project and the Project Site, together with all of the improvements thereon at an agreed and stipulated rental equal to (i) the aggregate of the interest on and principal of the Bonds which will become due and payable during such period, and (ii) the cost of operation and maintenance of such leased premises, and the cost of insuring the leased premises. Rent shall be payable on the twentieth (20th) day of the month next preceding any date on which a payment of interest or principal is due on the Bonds. The obligations of the County under the Lease will be for an initial period ending June 30, 2010.

Option to Renew

The Lease may be renewed for another fiscal period by the County, provided that if the Lease is so renewed, the rentals for each period during which the Lease remains in effect shall be a sum equal to (i) the amount of the interest and principal payments due on the Bonds during such biennial period, (ii) the cost of operation and maintenance of such leased premises, and (iii) the cost of insuring the leased premises. The Lease renewal will automatically be considered to have been affirmatively exercised for each fiscal period by the County, unless notice of the election not to exercise the option for the succeeding period is given by the County, as applicable, to the Corporation and the Trustee in writing at least 60 days prior to the renewal date.

Intent to Renew

In the Lease the County express its present intention to renew the Lease in accordance with its terms, and in accordance with the options to renew as set forth therein, for each succeeding fiscal period, until all of the Bonds to be issued by the Corporation at the direction of the County are fully paid, canceled and retired, whether at maturity or by call for redemption, but such expression of intention will not be construed as a present election on the part of the County to extend the Lease beyond the original term.

Operation, Maintenance and Repair

The Lease, provides among other things, that the County agrees to maintain and repair in good order the leased premises at the expense of the County, to keep all of the said premises and improvements thereon in good repair, working order and first-class condition, and to return the same in as good condition as when received by the County, ordinary wear and tear, accident, damage by fire and the elements, and other unavoidable casualties excepted.

Insurance

The Lease provides that the County will, during the original term of the Lease and during each extended term of one year, keep the Project insured, in accordance with the provisions of the Mortgage, issued by an insurer through policies issued by insurers and on policy forms in such amounts and form which are customary for facilities which are similar to the Project, against loss or damage from theft, fire, vandalism and other events covered by uniform standard extended coverage endorsements approved by

the insurance regulatory authority in the Commonwealth of Kentucky. The County may alternatively insure such property under a blanket insurance policy or policies which cover not only such property but other properties.

Any insurance policy issued pursuant to the preceding paragraph shall be so written or endorsed as to make losses, if any, payable to the Trustee, in addition to the County and other lenders, as their respective interests may appear. Each insurance policy provided for in the preceding and following paragraphs shall contain a provision to the effect that the insurance company shall not cancel the same without first giving written notice thereof as directed by the County to the Trustee and the County at least thirty (30) days in advance of such cancellation.

The County shall also carry public liability insurance with reference to the Project with one or more reputable insurance companies duly qualified to do business in Kentucky, for death or bodily injury and property damage in amounts which are customarily carried for counties which are similar to the County. The Trustee shall be made an additional insured under such policies. Such public liability insurance may be by a blanket insurance policy or policies.

Each insurer is authorized and directed under the Lease to make payment under the insurance described herein (except liability insurance), including return of unearned premiums, to the Trustee and County jointly.

Throughout the term of the Lease, the County covenants that it shall comply, or cause compliance, with applicable workers' compensation laws.

The County and the Corporation recognize that continued inflation, the emergence of new risks, and various other factors foreseeable or unforeseeable may at some future time cause the insurance coverages required by the Lease to become inadequate in fact amount or the type of risks insured against. The County covenants in the Lease that throughout the life of this Lease the County shall keep the Project continuously insured against such risks as are customarily insured against, and in such amounts as would be customarily maintained, by businesses of like size and type. Nothing herein shall release the County from its obligation to maintain or cause to be maintained the insurance coverages required by the Lease.

Rights of the County Survive Events of Default

Should the County fail to pay the stipulated rentals due under the Lease, all future options granted to the County in respect of payments in whole of the Bonds will in any event remain in full force and effect; provided that the Trustee under the Mortgage will, upon occurrence of an event of default, be entitled to take certain actions for the benefit of the holders of the Bonds, including foreclosure of the mortgage lien on the Project and decretal sale thereof, but no such decretal sale will result or give rise to a deficiency judgment of any type or in any amount against the County or the Corporation, and until such sale the County may at any time by the discharge of the Bonds and interest thereon receive an unencumbered fee simple title to the Project Site and the Project.

Conveyance of the Project

If the County renews the Lease for each period and pays the rentals for each year as provided and when from such rentals the Corporation will have fully paid and retired all of the Bonds, then the Corporation covenants and agrees that it will immediately procure the release, on the records of the clerk of the County, of the Mortgage securing the Bonds, and the Corporation further covenants and agrees that it will thereupon convey the Project and the Project Site to the County free and clear of all liens and encumbrances created by and under the Mortgage, such steps to be taken at the expense of the County.

Assignment of Rights to Trustee

In order to secure the rights of the holders of the Bonds, the Corporation has assigned to the Trustee (i) the Lease, (ii) the rental payments due from the County under the Lease and all other rights, title and interests of the Corporation arising under the terms of the Lease, and (iii) the Pledged Receipts, as additional security for the Bonds.

THE MORTGAGE

The following is a summary of certain of the terms and provisions of the Mortgage entered into by the Corporation as Trustor and the Trustee in order to secure the payment of principal and interest on the Bonds. The Mortgage imposes a foreclosable first mortgage lien on the Project and Project Site. Terms not otherwise defined herein will have the meanings given in the Mortgage. See "Introduction" as to availability of copies of the Mortgage.

Funds and Accounts

Upon the delivery of the Bonds to the purchaser or purchasers thereof and receipt of the purchase price the same shall be deposited with the Trustee, as trust funds, and the Trustee shall hold, treat and disburse the same, as follows:

(1) Cost of Issuance Fund. Upon issuance of the Bonds, there shall be deposited in the Cost of Issuance Fund the amount of moneys necessary to pay the cost of issuance of the Bonds from the proceeds of the Bonds as specified and determined in the resolution of the Corporation authorizing the issuance of the Bonds or in written instructions of an Authorized Officer of the Corporation delivered to the Trustee.

The Cost of Issuance shall be paid only from moneys credited to the Cost of Issuance Fund for the Bonds. Upon receipt of a certificate signed by an Authorized Officer that the costs of issuance have been paid in full, or on the date which is six months from the date of the Bonds, whichever occurs first, the Trustee shall transfer all amounts remaining in the Cost of Issuance Fund to the Sinking Fund.

(2) Debt Service Reserve Fund. (a) Upon issuance of the Bonds, the Debt Service Reserve Fund shall be funded from the proceeds thereof, or through a transfer of funds from the debt service reserve fund established for the Prior Bonds, as provided in the resolution of the Corporation authorizing the delivery thereof or in written instructions of an Authorized Officer of the Corporation delivered to the Trustee. The Debt Service Reserve Fund shall be held as a separate and special fund or account within the Sinking Fund. There shall be deposited from Bond proceeds to the credit of the Debt Service Reserve Fund an amount equal to the Reserve Requirement. There shall also be credited to the Debt Service Reserve Fund any moneys received on account of or in connection with Investment Obligations credited to the Debt Service Reserve Fund, and any payments to the Debt Service Reserve Fund required to be made pursuant to the Lease; provided, however, no such deposits shall be in excess of the maximum amounts permitted without limitation as to yield as specified by Section 148 of the Code and moneys in the Debt Service Reserve Fund in excess of such amount shall be transferred to the Sinking Fund.

(b) The Debt Service Reserve Fund is pledged to and shall be used for the payment of principal of or interest on the Bonds as to which there would otherwise be a default in payment. The Trustee shall, from time to time, transfer or pay out moneys in the Debt Service Reserve Fund for the purpose of paying principal of and interest on the Bonds as to which there would otherwise be a default in payment, such actions to be taken automatically by the Trustee without requirement of any authorization for the purpose of preventing such default.

(c) Sums from time to time in the Debt Service Reserve Fund shall be continuously invested by the Trustee in Investment Obligations having a final maturity of no more than five years. The Trustee shall sell or present for redemption, any Investment Obligations purchased by it as an investment whenever it shall be necessary in order to provide moneys to effectuate the purposes of the Debt Service Reserve Fund. Any interest earned or sums realized as a result of investment of moneys in the Debt Service Reserve Fund shall accrue to and be a part of said Debt Service Reserve Fund or paid to the Sinking Fund as provided in (a) above. Except for losses due to gross negligence or willful misconduct, the Trustee shall not be responsible for any losses on investments in the Debt Service Reserve Fund.

(3) Redemption Fund. (a) There shall be deposited into the Redemption Fund such amount of the proceeds of the Bonds as shall be necessary to effect a redemption and discharge of the Prior Bonds within ninety days of the date of issuance and delivery of the Bonds, all as further specified and determined by either the Resolution of the Corporation authorizing the Bonds or upon written instructions of an Authorized Officer of the Corporation.

(b) Moneys credited to the Redemption Fund shall be expended only for payment of the redemption price of the Prior Bonds on a date that is no later than the ninetieth day following the date of issuance and delivery of the Bonds.

(c) Amounts in the Redemption Fund may be transferred to the trustee or paying agent for the Prior Bonds for deposit in the sinking fund established for the Prior Bonds on the date or dates necessary to effect the redemption of the Prior Bonds upon written direction of the Corporation signed by an Authorized Officer of the Corporation .

The Trustee shall keep and maintain complete and detailed records with respect to the Redemption Fund.

(4) Sinking Fund. Upon issuance of the Bonds, the Trustee shall set aside into the Sinking Fund all sums received or on purchaser re purchasers of the Bonds as representing accrued interest from the date of the Bonds to the date of delivery and payment.

The Sinking Fund shall be held and maintained by the Trustee as the primary source of payment of the principal of and interest on the Bonds. All moneys from any source at any time deposited in said Fund shall constitute Pledged Receipts for the benefit of the holders of the Outstanding Bonds and the interest thereon.

Sums from time to time in the Sinking Fund shall be continuously invested by the Trustee in Investment Obligations as defined in clause (i) of the definition of Investment Obligations. The Trustee shall sell or present for redemption, any Investment Obligations purchased by it as an investment whenever it shall be necessary in order to provide moneys to effectuate the purposes of the Sinking Fund.

All rentals at any time becoming due and payable to the Corporation from the County pursuant to the terms and provisions of the Lease and all Pledged Receipts have been assigned by the Corporation to the Trustee and upon receipt thereof the same shall immediately be deposited by the Trustee in the Sinking Fund so long as the Bonds are Outstanding and the same shall be treated by the Trustee as Pledged Receipts, and shall be used and applied to the payment of the Bonds and interest thereon as they become due from time to time.

(5) Rebate Fund.

(a) Unless the Corporation receives an opinion of Bond Counsel that the creation and maintenance of a Rebate Fund is not necessary to maintain the excludability from gross income

of interest on the Bonds for federal income tax purposes, from and after the issuance of the Bonds the Rebate Fund shall be held and maintained by the Trustee as a trust fund. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Memorandum of Instructions. Subject to the transfer provisions provided in paragraph (e) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Amount (as defined in the Memorandum of Instructions), for payment to the federal government of the United States of America, and neither the Corporation nor the owner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this paragraph, by Section 604 of the Mortgage and by the Memorandum of Instructions. The Trustee shall be deemed conclusively to have complied with such provisions if it follows the directions of the Corporation including supplying all necessary information in the manner provided in the Memorandum of Instructions, and shall have no liability or responsibility to enforce compliance by the Corporation with the terms of the Memorandum of Instructions.

(b) Upon the Corporation's written direction, an amount shall be deposited to the Rebate Fund by the Trustee from deposits by the Corporation or from amounts available for such purpose held in the Sinking Fund, if and to the extent required, so that the balance of the Rebate Fund after such deposit shall equal the Rebate Amount for the Computation Period (as such term is defined in the Memorandum of Instructions) calculated as of the most recent Calculation Date (as defined in the Memorandum of Instructions). Computations of the Rebate Amount shall be furnished by or on behalf of the Corporation in accordance with the Memorandum of Instructions.

(c) The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to this Section, other than from moneys held in the funds and accounts created under the Mortgage, or from other moneys provided to it by the Corporation.

(d) The Trustee shall invest all amounts held in the Rebate Fund, at the written direction of the Corporation, in Investment Obligations, subject to the restrictions set forth in the Memorandum of Instructions. All earnings (calculated by taking into account net gains or losses on sales or exchanges and taking into account amortized discount or premium as a gain or loss, respectively) on investments held in the Rebate Fund shall be retained in the Rebate Fund. Money shall not be transferred from the Rebate Fund except as provided in paragraph (e) below.

(e) Upon receipt of the Corporation's written directions, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States, as so directed. In addition, if the Corporation so directs, the Trustee will deposit moneys into or transfer moneys out of the Rebate Fund from or into such account or funds as directed by the Corporation's written directions. Any funds remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Amount, or provision made therefor satisfactory to the Trustee, shall be withdrawn and remitted to the Corporation.

(f) Notwithstanding any other provision of the Lease or the Mortgage, the obligation to remit the Rebate Amount to the United States and to comply with all other requirements herein described, Section 8 of the Lease and the Memorandum of Instructions shall survive the defeasance or payment in full of the Bonds.

(g) Notwithstanding any other provision of the Lease or the Mortgage, the obligation to remit the Rebate Amount to the United States and to comply with all other requirements of this Section or to have delivered a Memorandum of Instructions shall not apply if, in the opinion of bond counsel, such compliance is not required in order to maintain the excludability from gross income for federal income tax purposes of the interest on the Bonds.

Investment of Funds

Moneys held in any of the aforementioned funds may be invested until required for the purposes intended in one or more of the following "Investment Obligations:"

(a) obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including, but not limited to, national or state banks chartered in the Commonwealth of Kentucky;

(b) obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:

- (i) United States Treasury;
- (ii) Export-Import Bank of the United States;
- (iii) Farmers Home Administration;
- (iv) Government National Mortgage Corporation; and
- (v) Merchant Marine bonds;

(c) obligations of any corporation of the United States government, including but not limited to:

- (i) Federal Home Loan Mortgage Corporation;
- (ii) Federal Farm Credit Banks;
- (iii) Bank for Cooperatives;
- (iv) Federal Intermediate Credit Banks;
- (v) Federal Land Banks;
- (vi) Federal Home Loan Banks;
- (vii) Federal National Mortgage Association; and
- (viii) Tennessee Valley Authority;

(d) certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);

(e) uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;

(f) bankers' acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;

(g) commercial paper rated in the highest category by a nationally recognized rating agency;

(h) bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities;

(i) securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency; and

(j) shares of mutual funds, each of which shall have the following characteristics:

(i) the mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;

(ii) the management company of the investment company shall have been in operation for at least five (5) years; and

(iii) all of the securities in the mutual fund shall be investments described in (a) - (i) above.

Additional Covenants

In the Mortgage, the Corporation, among other covenants, has covenanted, as follows:

Payments. To punctually pay the principal of and interest on the Bonds when due, and at the place and in the manner prescribed in the Mortgage from the funds pledged. The Bonds and the interest thereon are payable from the "Pledged Receipts" defined under the Mortgage and shall mean and include;

(i) shall mean all lease rental payments paid to or upon the order of the Corporation pursuant to the Lease, including both timely and delinquent payments with late charges, if any;

(ii) shall mean and include any and all appropriations made to the Corporation by the County or any other unit of government to the extent not otherwise required to be applied, nor otherwise committed and budgeted by the Corporation during any fiscal period of the Corporation;

(iii) shall include all interest earned and gains realized on Investment Obligations unless the terms hereof specifically require such interest earned and gains realized to remain in or to be transferred to the Rebate Fund,

(iv) shall mean and include all rights arising under the Lease, including, but not by way of limitation, the duty of the County to continuously operate, maintain, insure, replace and repair the Project during the term of the Lease and during any renewal terms thereof;

(v) shall mean and include all amounts in all funds and accounts created hereunder, including capitalized interest; provided that amounts in the Rebate Fund shall not constitute Pledged Receipts; and

(vi) shall mean and include any amounts realized from the foreclosure and decretal sale of the Project.

Maintenance and Operation Costs of the Project. In accordance with the Lease, the Corporation covenants to cause the County, at all times during which the Lease is in effect, to keep and maintain the Project in thorough repair, working order and first class condition, and to cause the County to make all needed repairs and replacements, so that the use and operation of said properties shall be at all times properly enjoyed.

Tax Covenant. The Corporation covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103(a) of the Code. The Corporation will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the Corporation, or take or omit to take any action that would cause the Bonds to be "arbitrage bonds" within the meaning of Sections 103(b)(2) and 148 of the Code. To that end, the Corporation will comply with all requirements of Sections 103(b)(2) and 148 of the Code to the extent applicable to the Bonds. In the event that at any time the Corporation is of the opinion that for purposes of the Mortgage it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under the Mortgage the Corporation will so instruct the Trustee in writing, and the Trustee will take such action as may be necessary in accordance with such instructions.

Insurance of Project. The Corporation further covenants and agrees that it will, at all times hereafter until the Bonds will be fully paid, require the County (to the extent such insurance is obtainable) to keep all insurable real properties and improvements thereon to be insured against loss or damage by fire and windstorm to their full insurable value, with standard comprehensive coverage endorsement, and the Corporation will cause all such insurance policies to be made payable in case of loss to the Trustee.

Accounts and Reports. The Corporation will keep, or cause to be kept, proper books of record and account in which complete and accurate entries will be made of all its transactions relating to the Project, and all Funds established by the Mortgage, which will at all reasonable times be subject to the inspection of the Trustee and the Owners of an aggregate of not less than five percent (5%) in a principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

Enforcement of the Lease. The Corporation covenants to enforce the Lease and all other contracts and agreements in respect of the Project to which the Corporation is or will be a party, to the fullest extent provided and permitted by law.

Release of Land

The parties have reserved the right, by mutual written consent at any time and from time to time, to amend the Mortgage for the purpose of effectuating the release of one or more parcels of or interest in land constituting a part of the Project Site and the removal from the lien of the Mortgage of such parcel or parcels of or interest in land subject to the following conditions:

(i) the parcel or parcels of or interest in land thus released or removed shall be used to construct public improvements, or for the granting of an easement, or other interest or title to a public utility, public or private carrier or public body for providing or improving utility services or transportation facilities, or for the acquisition or construction of any "public project" within the meaning of § 58.010 of the Kentucky Revised Statutes; and

(ii) there shall be filed with the Trustee a copy of the instrument providing for such release together with (i) a certificate of an Authorized Officer of the Corporation describing the improvements or other facilities which will be constructed thereon or the utility or other facilities and services which will be provided or improved thereby and that in the opinion of such Authorized Officer such parcel or parcels of land are not otherwise needed for the operation of the Project and that the release will not materially impair the efficiency or utilitarian value of the Project or the Project Site and will not impede the means of egress thereto or egress therefrom to any material extent and (ii) evidence satisfactory to the Trustee that the value of the Project following such release shall be not less than the principal amount of Bonds then outstanding; or

(iii) the Corporation at the written request of the County shall sell a portion of such real estate not needed for public purposes as provided by law so long as the rentals payable under the Lease are not diminished by reason of such sale and release of a portion of the lien created by the Mortgage and provided that the Corporation shall have furnished the Trustee with evidence satisfactory to the Trustee that the value of the Project following such release shall be not less than the principal amount of Bonds then outstanding.

Amendments

Notwithstanding any other provisions of the Mortgage, the parties may at any time and from time to time supplement or make any amendment or change in the Mortgage:

- (i) to cure any formal defect or ambiguity if, in the opinion of the Trustee, such amendment or change is not adverse to the interest of the Owners of the Bonds
- (ii) to grant to or confer upon the Trustee for the benefit of the Owners of the Bonds any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Mortgage
- (iii) to make necessary or advisable amendments in connection with the issuance of additional bonds in accordance with the terms of the Mortgage
- (iv) to permit the Trustee to comply with any obligations imposed on it by law
- (v) to achieve compliance with any federal tax law;
- (vi) to maintain or improve any rating on the Bonds; or
- (vii) to provide for the release of land pursuant to and subject to the conditions specified in the Mortgage.

Any other amendment or change will be subject to the written consent of the Owners of at least two-thirds (2/3) in a principal amount of the Bonds outstanding at the time such consent is given, or in case less than all of the Bonds then outstanding are affected by the modifications or amendment, of the Owners of at least two-thirds (2/3) of the principal amount of the Bonds so affected.

Nothing will permit, however, or be construed as permitting without consent of the Owners of each Bond so affected, (i) an extension of the maturity of the principal of or the interest on any Bond, (ii) a reduction in the principal amount of any Bond or the rate of interest or premium thereon, or (iii) a reduction in the aggregate principal amount of the Bonds required for consent to amendments.

An amended or supplemental Mortgage for the purposes described in the Mortgage will be effective upon the execution thereof by the Corporation and the Trustee and delivery thereof to the Trustee, together with any necessary consent of Owners of the Bonds.

Events and Remedies of Default

Events of Default. Each of the following events is hereby declared an "Event of Default:"

- (a) the Corporation will default in the payment of the principal of any Bonds when and as the same will become due, whether at maturity or upon call for redemption or otherwise or the County shall default in the payment of any rentals related thereto;

(b) payment of any installment of interest on any of the Bonds will not be made when and as the same will become due or the County shall default on the payment of any rentals related thereto; or

(c) the Corporation or the County shall fail or refuse to comply with the provisions of law, or shall default in the performance or observance of any other of the covenants, agreements or conditions on their part contained in the Mortgage or Lease, any authorizing resolution of the Corporation or the County or the Bonds, and such failure, refusal or default will continue for a period of forty-five (45) days after written notice thereof by the Trustee or by Owners of not less than twenty-five percent (25%) in a principal amount of the Outstanding Bonds to the Corporation or the County, as applicable.

Remedies. Upon the happening and continuance of any Event of Default to protect and enforce its rights and the rights of the Owners of the Bonds by such of the following remedies, as the Trustee, being advised by counsel, will deem most effectual to protect and enforce such rights:

(a) by enforcement of the foreclosable mortgage lien on the Project Site and improvements granted by the Mortgage, and in such events the Trustee will take over possession, custody and control of the Project Site and will operate or carry out decretal sale of same with due regard to State and Federal law and the covenants contained in the Lease for the benefit of the Owners of the Bonds. Provided, however, that no such foreclosure sale will result in a deficiency judgment of any type or in any amount against the County or the Corporation, and until such sale the County may at any time by the discharge of the Bonds and interest thereon receive an unencumbered fee simple title to the mortgaged facilities; provided that in the event of any such enforcement of said lien by the Trustee, there will first be paid all expenses incident to said document, and thereafter the Bonds then outstanding will be paid and retired;

(b) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Owners of the Bonds, including the right to require the Corporation to enforce fully the Lease and to charge, collect and fully account for the Pledged Receipts, and to require the Corporation to carry out any and all other covenants or agreements with the Bondholders and to perform its duties under the Act;

(c) by bringing suit upon the Bonds;

(d) by action or suit in equity, require the Corporation to account as if it were the trustee of an express trust for the Owners of the Bonds;

(e) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds;

(f) by declaring all Bonds due and payable, and if all defaults will be made good, then, with the written consent of the Owners of not less than fifty percent (50%) in a principal amount of the Outstanding Bonds, by annulling such declaration and its consequences; and

(g) in the event that all Bonds are declared due and payable, by selling Investment Obligations of the Corporation (to the extent not theretofore set aside for redemption of the Bonds for which call has been made), and enforcing all choices in action of the Corporation to the fullest legal extent in the name of the Corporation for the use and benefit of the Owners of the Bonds.

CONTINUING DISCLOSURE

In accordance with the Securities and Exchange Commission Rule 15c2-12 (the "Rule") and so long as the Bonds are outstanding the County and the Corporation (the "Obligated Persons") will enter into a Continuing Disclosure Agreement dated as of March 1, 2010 (the "Disclosure Agreement") with the Trustee, as Disclosure Agent (the "Disclosure Agent"), for the benefit of all parties who may become

Registered Owners of the Bonds, whereunder the Obligated Persons will cause the following information to be provided:

- (i) to the Municipal Securities Rulemaking Board ("MSRB"), or any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB's Electronic Municipal Market Access ("EMMA") system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission, certain annual financial information and operating data, including audited financial statements, generally consistent with the information contained in "Appendix A," and "Appendix B" of the Official Statement ("Financial Data"). The annual financial information shall be provided within 210 days after the end of the fiscal year ending June 30, commencing with the fiscal year ending June 30, 2010; provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditors for the Obligated Person; and;
- (ii) to the MSRB through EMMA, notice of the occurrence of the following events, if material, with respect to the Bonds:
 - (a) Principal and interest payment delinquencies;
 - (b) Non-payment related defaults;
 - (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) Substitution of credit or liquidity providers, or their failure to perform;
 - (f) Adverse tax opinions or events affecting the tax-exempt status of the security;
 - (g) Modifications to rights of security holders;
 - (h) Bond calls, except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event;
 - (i) Defeasances;
 - (j) Release, substitution or sale of property securing repayment of the securities;
 - (k) Rating changes; and
 - (l) The cure, in the manner provided under the Ordinance, of any payment or nonpayment related default.
- (iii) in a timely manner, to the MSRB through EMMA, notice of a failure (of which the Obligated Person or Disclosure Agent has knowledge) of any Obligated Person to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking.

The Disclosure Agreement provides bondholders with certain enforcement rights in the event of a failure by the Obligated Persons to comply with the terms thereof; however, a default under the Disclosure Undertaking does not constitute a default under the Mortgage. The Disclosure Agreement may be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein. Bondholders are advised that the Disclosure Agreement copies of which are available at the office of the Obligated Persons should be read in its entirety for more complete information regarding its contents.

For purposes of this transaction with respect to events as set forth in the Rule:

- (a) there are no liquidity providers applicable to the Bonds; and
- (b) there is no property securing the repayment of the Bonds.

Pursuant to outstanding continuing disclosure agreements the County is required to file certain annual financial information with MSRB by March 31 of each year. To the best of the County's knowledge, the County is currently in compliance the continuing disclosure undertaking requirements of the Rule in connection with its outstanding obligations which are subject to such requirements.

LITIGATION

No litigation or administrative action or proceeding is pending or, to the best of the knowledge of the County or the Corporation, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the collection of revenues or the use of revenues to pay debt service on the Bonds, or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued or delivered, or the validity of the Bonds, or to prevent or restrict the operations of the Corporation.

TAX TREATMENT

In the opinion of Bond Counsel for the Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds will be excludible from gross income for Federal income tax purposes. Bond Counsel for the Bonds is also of the opinion that interest on the Bonds will not be a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986 (the "Code") for purposes of the Federal individual or corporate alternative minimum taxes nor includable in "adjusted current earnings" under Section 56(c) of the Code for purposes of the corporate alternative minimum tax. Furthermore, Bond Counsel for the Bonds is of the opinion that interest on the Bonds is exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Bonds. The Corporation and the County have covenanted to comply with certain restrictions designed to ensure that interest on the related issues of Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Bonds being includable in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax status of the interest on the Bonds.

Certain requirements and procedures contained or referred to in the Bond documents and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Peck, Shaffer & Williams LLP.

Although Bond Counsel for the Bonds is of the opinion that interest on the Bonds will be excludible from gross income for Federal and Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Bonds on the tax liabilities of the individual or entity.

For example, although Bond Counsel for the Bonds is of the opinion that interest on the Bonds will not be a specific item of tax preference for the alternative minimum tax, corporations are required to include all tax-exempt interest in determining "adjusted current earnings" under Section 56(c) of the Code, which may increase the amount of any alternative minimum tax owed. Receipt of tax-exempt interest, ownership or disposition of the Bonds may result in other collateral Federal, state or local tax consequence for certain taxpayers, including, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or Railroad Retirement benefits under Section 86 of the Code and limiting the use of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky, may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Bonds.

The Corporation and the County have designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265 of the Code.

UNDERWRITING

The Bonds are being purchased for reoffering by _____ (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of \$_____ (reflecting the par amount of the Bonds, less original issue discount of \$_____, less underwriter's discount of \$_____, plus accrued interest of \$_____). The initial public offering prices which produce the yields set forth on the cover page of this Official Statement may be changed by the Underwriter and the Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the offering prices which produce the yields set forth on the cover page.

FINANCIAL ADVISOR

Prospective bidders are advised that First Kentucky Securities Corporation ("First Kentucky") has been employed as Financial Advisor in connection with the issuance of the Bonds. First Kentucky's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof. Bidders, including First Kentucky, may submit a bid for the purchase of the Bonds at the time of the advertised public sale, either individually or as a member of a syndicate organized to submit a bid for the purchase of the Bonds.

BOND RATING

As noted on the cover page of this Official Statement, Standard & Poor's U.S. Public Finance Ratings, a division of The McGraw-Hill Companies, Inc. ("S&P") has assigned its municipal bond rating of "____" to the Bonds. Such rating reflects only the view of said organization. Any explanation of the significance of such rating may only be obtained from the rating agency at the following address: Standard & Poor's U.S. Public Finance Ratings at 55 Water Street, New York, New York 10041-0003, (212) 438-2124. There is no assurance that the rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

APPENDIX A

**LOGAN COUNTY PUBLIC PROPERTIES CORPORATION
FIRST MORTGAGE REVENUE REFUNDING BONDS, SERIES 2010
(DETENTION FACILITIES PROJECT)**

Demographic, Economic and Financial Data

LOGAN COUNTY, KENTUCKY

DEMOGRAPHIC, ECONOMIC AND FINANCIAL DATA

General

Logan County, Kentucky, in its present configuration, is situated in the southwestern part of the state and is one of the southern tier of counties bordering the northern Tennessee line. Logan County is bounded on the north by Muhlenberg and Butler Counties, on the east by Warren and Simpson Counties, on the west by Todd County, and on the south by Robertson County, Tennessee. It is less than thirty minutes west of I-65 and the Natcher Parkway near Bowling Green, Ky. It is about one hour north of Nashville, Tennessee and the Nashville International Airport.

Russellville, the county seat, is almost in the center of the county. When the county was first formed as the thirteenth county, it was much larger. It still is the third largest county in the state. There are three smaller cities within the county, Adairville, Auburn and Lewisburg.

Agriculture is an important factor in the county's economy. For decades, the tobacco crop was one of the largest in the state and the cornerstone for the "Tobacco Festival" which is now called the "Tobacco and Heritage Festival." The festival takes place in the County Seat of Russellville but it is very much a county wide event.

The county was the thirteenth of 120 counties formed, attaining separate status in September 1792 after the state separated from Virginia in June of 1792..

The county is named for **Benjamin Logan**, settler of Logan's Fort in Lincoln County, near Stanford. He was elected a representative from Lincoln county to the Kentucky legislature several time and a member of the first two Constitutional Conventions in 1791 and 1799.

Total Population

	2005	2006	2007	2008	2009
Labor Market Area	471,205	477,719	487,244	490,727	550,833
Logan County	27,005	27,328	27,390	27,609	27,137
Russellville	7,271	7,331	7,275	7,268	N/A
Auburn	1,489	1,502	1,493	1,500	N/A

Source: Applied Geographic Solutions, Simi Valley, CA (Labor Market Area and County, 2005 and later); U.S. Department of Commerce, Bureau of the Census (all other).

Population Projections

	2014			
Labor Market Area	667,260			
	2010	2015	2020	2025
Logan County	27,533	28,367	29,055	29,639

Source: Applied Geographic Solutions, Simi Valley, CA (Labor Market Area); Kentucky State Data Center, University of Louisville (Counties).

Personal Income

	2002	2007	Pct. Change
Logan County	\$20,692	\$25,113	21.4 %
Kentucky	\$25,777	\$30,824	19.6 %
U.S.	\$30,804	\$38,615	25.4 %
Labor Market Area Range	\$18,325- \$26,091	\$21,214- \$35,337	

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Households

	2009		2009
	Number of Households	Persons Per Household	Median Household Income
Logan County	10,338	2.59	\$40,998

Source: Applied Geographic Solutions, Simi Valley, CA

Summary of Recent Locations and Expansions, 2007-Present

	Companies	Reported	
		Jobs	Investment
Manufacturing Location	2	58	\$4,700,000
Manufacturing Expansion	8	65	\$50,891,000
Supportive/Service Location	0	0	\$0
Supportive/Service Expansion	0	0	\$0

Click [here](#) for detailed location and expansion information.

Note: Totals include announced locations and expansions.

Source: Kentucky Cabinet for Economic Development (1/10/2010).

Major Business & Industry (Manufacturing & Supportive Service Firms Only)

Firm	Product(s)/Service(s)	Emp.	Year Established
<i>Auburn</i>			
Auburn Hosiery Mills Inc	Distribution center	50	1937
Auburn Leather Company	Western tack, leather laces, motorcycle accessories, pet & craft items	53	1863
Colonial House Furniture Inc	Cherry, walnut & oak reproduction dining, bedroom & living room furniture	13	1960
Stark Truss Company	Manufacture roof and floor trusses, wall panels, and EWP	20	N/A
<i>Lewisburg</i>			
Nelson Co of Kentucky	Wood pallets, boxes & skids	32	1976
<i>Russellville</i>			
Beverage Industry Recycling Program	Wooden pallet & skid remanufacturing	16	1978
C & J Mulch Inc	Mulch & landscaping bark	18	1989
Carpenter Co	Carpet cushioning, polyester fiber, filter media and polyurethane foam for use in bedding, consumer products, home furnishings and medical furnishings	375	1970
Cates Cabinets & Woodworking Co Inc	Custom wooden cabinets & specialty woodworking	20	1992
Cumberland Recycling Group LLC	Scrap handling facility	21	2008
Emerson Electric Co	Hermetic electric motors	230	1961
General Products Corporation	Machining and assembly of cast iron and aluminum castings to manufacture products for the automotive and heavy duty truck industries	51	2004
Griffin Industries Inc	Tallow by-products, animal hide, processed meat & bone meal	88	1972
H & H Sheet Metal Fabricators	Machine shop: MIG, TIG, arc, gas, portable & heliarc welding; sheet metal fabricating; drilling, cutting, boring, honing, mill & lathe work	82	1983

(table continued on next page)

Hanson Aggregates	Crushed limestone	16	1929
Logan Aluminum Inc	Aluminum rolled sheet stock	1030	1985
Pro-Fab Metals Inc	Sheet metal fabricating; arc, MIG & TIG welding; dust collectors, powder coating systems, plant relocations,	25	1985
Sensus Precision Die Casting	Aluminum die castings	230	1956
Southern Electric Motor Inc	Electric motor rewinding & repairing, distributor, gusher pumps	13	1986
Ventra Plastics	Injection molded plastic automotive trim	200	1992

Source: Kentucky Cabinet for Economic Development (1/10/2010).

Ten Largest Corporate Taxpayers

<u>Name</u>	<u>Assessment</u>
Logan Aluminum, Inc.	\$26,943,000
Lifepoint Hospitals, Inc.	10,113,000
Wal Mart Real Estate Business	7,000,000
Carpenter E R Co	7,000,000
Precision Strip	4,950,000
Peerless Cascade Plastics	4,071,843
Miles William S & Billy Joe	4,000,000
Sensus Precision Die Casting	3,535,998
Shoppes at Russellville LLC	3,400,000
Knight Kenneth L	2,750,000

Tax Rates

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Real Property	13.0¢	13.0¢	13.0¢	12.5¢
Personal Property	20.2¢	20.3¢	20.3¢	19.6¢
Motor Vehicle	10.6¢	10.6¢	10.6¢	10.6¢
Watercraft	10.6¢	10.6¢	10.6¢	10.6¢

Tax Collections

<u>Year</u>	<u>Amount Billed</u>	<u>Amount Collected</u>
2008	\$1,468,703.95	\$1,361,405.22
2007	\$1,415,655.04	\$1,314,603.62
2006	\$1,284,411.16	\$1,188,644.44

Source: County of Logan

State and Local Property Taxes

<u>Year</u>	<u>Real Estate</u>	<u>Tangible</u>	<u>Motor Vehicle</u>	<u>Watercraft</u>	<u>Total</u>
2009	\$948,072,829	\$196,524,823	\$129,197,000	\$4,514,740	\$1,278,309,392
2008	933,662,491	185,203,985	146,593,180	4,219,130	1,269,678,786
2007	901,864,986	176,109,678	140,432,837	3,732,888	1,222,140,389
2006	855,500,821	166,407,102	136,912,820	3,558,889	1,162,379,632

Source: KY Department of Revenue



Business Cost

	Kentucky Index, 2007 (U.S. = 100)
Labor Cost	95
Energy Cost	70
Overall Business Cost	90

Kentucky is tied for the 12th lowest overall business cost in the nation.

	Gross Domestic Product Per Wage, 2008
Kentucky	\$2.16
U.S.	\$2.17

	Industrial Electric Cost Per KWH, 2007
Kentucky	\$0.0447
U.S.	\$0.0639

Kentucky has the 4th lowest cost for industrial electrical power for the second straight year.

**Logan County
Statistical Summary**

	Population 2009
Logan County	27,137
Labor Market Area	550,833

	Logan County
Per Capita Income 2007	\$25,113
Median Household Income 2009	\$40,998
Median Home Price 2008	\$72,500

	Total Available Labor 2008
Logan County	1,370
Labor Market Area	26,499

	Unemployment Rate 2008
Logan County	6.4
Labor Market Area	6.4
U.S.	5.8

	Average Weekly Wage 2008
Logan County	\$648
Labor Market Area	\$643
U.S.	\$876

APPENDIX B

**LOGAN COUNTY PUBLIC PROPERTIES CORPORATION
FIRST MORTGAGE REVENUE REFUNDING BONDS, SERIES 2010
(DETENTION FACILITIES PROJECT)**

Audited Financial Statement for the Fiscal Year Ended June 30, 2009

**REPORT OF THE AUDIT OF THE
LOGAN COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2009**



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
www.auditor.ky.gov**

**209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Steven L. Beshear, Governor
Jonathan Miller, Secretary
Finance and Administration Cabinet
Honorable Logan Chick, Logan County Judge/Executive
Members of the Logan County Fiscal Court

The enclosed report prepared by Percy and Gray, PSC, PSC, Certified Public Accountants, presents the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Logan County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements.

We engaged Percy and Gray, PSC, PSC to perform the audit of these financial statements. We worked closely with the firm during our report review process; Percy and Gray, PSC, PSC evaluated the Logan County's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in cursive script that reads "Crit Luallen".

Crit Luallen
Auditor of Public Accounts

Enclosure



EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE LOGAN COUNTY FISCAL COURT

June 30, 2009

Peercy and Gray, PSC, PSC has completed the audit of the Logan County Fiscal Court for fiscal year ended June 30, 2009. We have issued unqualified opinions on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information.

Financial Condition:

The fiscal court had total net assets of \$13,471,186 as of June 30, 2009. In its governmental activities, the fiscal court had unrestricted net assets of \$5,420,716 as of June 30, 2009, with total net assets of \$13,452,538. In its business-type activities, total net cash and cash equivalents were \$10,749 with total net assets of \$18,648. Total debt principal as of June 30, 2009, was \$18,182,414 with \$723,594 due within the next year.

Deposits:

As of June 30, 2009, the fiscal court's deposits were insured and collateralized by bank securities.

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PEERCY AND GRAY, PSC

Certified Public Accountants

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To the People of Kentucky
Honorable Steven L. Beshear, Governor
Jonathan Miller, Secretary
Finance and Administration Cabinet
Honorable Logan Chick, Logan County Judge/Executive
Members of the Logan County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Logan County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Logan County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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.

As described in Note 1, Logan County, Kentucky, prepares its financial statements in accordance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Logan County, Kentucky, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The county has not presented the management's discussion and analysis that the Governmental Accounting Standards Board (GASB) has determined is necessary to supplement, although not required to be part of the basic financial statements. The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

To the People of Kentucky
Honorable Steven L. Beshear, Governor
Jonathan Miller, Secretary
Finance and Administration Cabinet
Honorable Logan Chick Logan County Judge/Executive
Members of the Logan County Fiscal Court

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Logan County, Kentucky's basic financial statements. The accompanying combining fund financial statements are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated October 21, 2009 on our consideration of Logan County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,

A handwritten signature in black ink that reads "Percy and Gray, PSC". The signature is written in a cursive, flowing style.

Percy and Gray, PSC
Certified Public Accountants

October 21, 2009

LOGAN COUNTY OFFICIALS

For The Year Ended June 30, 2009

Fiscal Court Members:

Logan Chick	County Judge/Executive
Harold Prince	Magistrate
Curtis Watkins	Magistrate
Kerry Kenady	Magistrate
Dixie Carter	Magistrate
Loyd Houchens	Magistrate
Jo Orange	Magistrate
Thomas Bouldin	Magistrate

Other Elected Officials:

Thomas A. Noe, III	County Attorney
William Jenkins	Jailer
Scottie Harper	County Clerk
Sherry Wilkins	Circuit Court Clerk
Wallace Whittaker	Sheriff
Ben Brown	Property Valuation Administrator
Mary Givens	Coroner

Appointed Personnel:

Elaine Jenkins	County Treasurer
Karen Taylor	Finance Officer
Brenda Morrison	Personnel/Payroll Officer
Paul Lyne	Road Supervisor
Sue Carol Marshall	Occupational Tax Administrator

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LOGAN COUNTY
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

June 30, 2009

LOGAN COUNTY
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

June 30, 2009

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 11,130,700	\$ 10,749	\$ 11,141,449
Total Current Assets	<u>11,130,700</u>	<u>10,749</u>	<u>11,141,449</u>
Noncurrent Assets:			
Capital Assets - Net of Accumulated Depreciation			
Land	1,479,491		1,479,491
Construction In Progress	1,533,543		1,533,543
Buildings	10,935,350		10,935,350
Vehicles	530,769	1,120	531,889
Equipment	1,039,091	6,779	1,045,870
Infrastructure	4,986,008		4,986,008
Total Noncurrent Assets	<u>20,504,252</u>	<u>7,899</u>	<u>20,512,151</u>
Total Assets	<u>31,634,952</u>	<u>18,648</u>	<u>31,653,600</u>
LIABILITIES			
Current Liabilities:			
Bonds Payable	715,000		715,000
Financing Obligations Payable	8,594		8,594
Total Current Liabilities	<u>723,594</u>		<u>723,594</u>
Noncurrent Liabilities:			
Bonds Payable	17,450,000		17,450,000
Financing Obligations Payable	8,820		8,820
Total Noncurrent Liabilities	<u>17,458,820</u>		<u>17,458,820</u>
Total Liabilities	<u>18,182,414</u>		<u>18,182,414</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt			
	2,321,838	7,899	2,329,737
Restricted For:			
Capital Projects	5,279,750		5,279,750
Debt Service	430,234		430,234
Unrestricted	5,420,716	10,749	5,431,465
Total Net assets	<u>\$ 13,452,538</u>	<u>\$ 18,648</u>	<u>\$ 13,471,186</u>

The accompanying notes are an integral part of the financial statements.

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LOGAN COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For The Year Ended June 30, 2009

LOGAN COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For The Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Received</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 4,075,000	\$	\$ 2,320,574	\$
Protection to Persons and Property	2,571,730	30,578		
General Health and Sanitation	359,031			
Social Services	14,950			
Recreation and Culture	76,155			
Roads	1,165,807		211,219	1,283,715
Airports	17,500			
Debt Service	693,838			
Capital Projects	235,548			
Total Governmental Activities	<u>9,209,559</u>	<u>30,578</u>	<u>2,531,793</u>	<u>1,283,715</u>
Business-type Activities:				
Jail Canteen	67,852	51,364		
Total Business-type Activities	<u>67,852</u>	<u>51,364</u>		
Total Primary Government	<u>\$ 9,277,411</u>	<u>\$ 81,942</u>	<u>\$ 2,531,793</u>	<u>\$ 1,283,715</u>

General Revenues:

Taxes:

Real Property Taxes

Personal Property Taxes

Motor Vehicle Taxes

Occupational/Net Profit Taxes

Other Taxes

In-Lieu of Tax

Excess Fees

License and Permits

Miscellaneous Revenues

Interest Received

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

The accompanying notes are an integral part of the financial statements.

LOGAN COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For The Year Ended June 30, 2009
(Continued)

Net (Expenses) Revenues and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
\$ (1,754,426)	\$	\$ (1,754,426)
(2,541,152)		(2,541,152)
(359,031)		(359,031)
(14,950)		(14,950)
(76,155)		(76,155)
329,127		329,127
(17,500)		(17,500)
(693,838)		(693,838)
(235,548)		(235,548)
(5,363,473)		(5,363,473)
	(16,488)	(16,488)
	(16,488)	(16,488)
\$ (5,363,473)	\$ (16,488)	\$ (5,379,961)
1,115,860		1,115,860
252,629		252,629
150,727		150,727
2,558,002		2,558,002
682,935		682,935
287,185		287,185
1,149,845		1,149,845
199,558		199,558
292,736	4,971	297,707
385,753		385,753
7,075,230	4,971	7,080,201
1,711,757	(11,517)	1,700,240
11,740,781	30,165	11,770,946
\$ 13,452,538	\$ 18,648	\$ 13,471,186

The accompanying notes are an integral part of the financial statements.

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LOGAN COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

June 30, 2009

LOGAN COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

June 30, 2009

	General Fund	Road And Bridge Fund	Jail Fund	Occupational Tax/Net Profits Tax Fund	Hospital Special Reserve Fund
ASSETS					
Cash and Cash Equivalents	\$ 697,729	\$ 24,505	\$ 55,689	\$ 593,226	\$ 3,431,587
Total Assets	<u>\$ 697,729</u>	<u>\$ 24,505</u>	<u>\$ 55,689</u>	<u>\$ 593,226</u>	<u>\$ 3,431,587</u>
FUND BALANCES					
Reserved for:					
Encumbrances	\$ 271,759	\$ 8,995	\$ 24,425	\$ 277	\$
Capital Projects Fund					
Debt Service Fund					
Unreserved:					
General Fund	425,970				
Special Revenue Funds		15,510	31,264	592,949	3,431,587
Total Fund Balances	<u>\$ 697,729</u>	<u>\$ 24,505</u>	<u>\$ 55,689</u>	<u>\$ 593,226</u>	<u>\$ 3,431,587</u>

The accompanying notes are an integral part of the financial statements.

LOGAN COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
June 30, 2009
(Continued)

Public Properties Corporation Fund - Justice Center	Non- Major Governmental Funds	Total Governmental Funds
\$ 5,279,750	\$ 1,048,214	\$ 11,130,700
<u>\$ 5,279,750</u>	<u>\$ 1,048,214</u>	<u>\$ 11,130,700</u>
\$ 5,279,750	\$ 10,376	\$ 315,832
		5,279,750
	430,234	430,234
		425,970
	607,604	4,678,914
<u>\$ 5,279,750</u>	<u>\$ 1,048,214</u>	<u>\$ 11,130,700</u>

Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets

Total Fund Balances	\$ 11,130,700
Amounts Reported For Governmental Activities In The Statement Of Net Assets Are Different Because:	
Capital Assets Used in Governmental Activities Are Not Financial Resources And Therefore Are Not Reported in the Funds.	25,635,396
Accumulated Depreciation	(5,131,144)
Long-term Debt Is Not Due and Payable in the Current Period and, Therefore, Is Not Reported in the Funds.	
Financing Obligation	(17,414)
Bonded Debt	<u>(18,165,000)</u>
Net Assets Of Governmental Activities	<u>\$ 13,452,538</u>

The accompanying notes are an integral part of the financial statements.

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**LOGAN COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

For The Year Ended June 30, 2009

LOGAN COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2009

	<u>General Fund</u>	<u>Road And Bridge Fund</u>	<u>Jail Fund</u>	<u>Occupational Tax/Net Profits Tax Fund</u>
REVENUES				
Taxes	\$ 1,822,521	\$	\$	\$ 2,558,001
In Lieu Tax Payments	287,185			
Excess Fees	1,149,845			
Licenses and Permits	27,375			
Intergovernmental	481,664	1,494,934	518,388	
Charges for Services			30,578	
Miscellaneous	179,452	25,989	38,553	
Interest	55,272	12,803	2,467	28,800
Total Revenues	<u>4,003,314</u>	<u>1,533,726</u>	<u>589,986</u>	<u>2,586,801</u>
EXPENDITURES				
General Government	2,783,626	260		65,139
Protection to Persons and Property	768,080		1,379,870	
General Health and Sanitation	300			
Social Services	1,950			
Recreation and Culture	36,387			
Roads		1,825,936		
Airports				
Debt Service				
Capital Projects	220,000	9,886		
Administration	476,820	185,948	324,034	17,361
Total Expenditures	<u>4,287,163</u>	<u>2,022,030</u>	<u>1,703,904</u>	<u>82,500</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(283,849)</u>	<u>(488,304)</u>	<u>(1,113,918)</u>	<u>2,504,301</u>
Other Financing Sources (Uses)				
Transfers From Other Funds	120,000	485,000	1,450,000	120,000
Transfers To Other Funds	(120,000)		(335,636)	(2,763,028)
Total Other Financing Sources (Uses)	<u></u>	<u>485,000</u>	<u>1,114,364</u>	<u>(2,643,028)</u>
Net Change in Fund Balances	(283,849)	(3,304)	446	(138,727)
Fund Balances - Beginning	981,578	27,809	55,243	731,953
Fund Balances - Ending	<u>\$ 697,729</u>	<u>\$ 24,505</u>	<u>\$ 55,689</u>	<u>\$ 593,226</u>

The accompanying notes are an integral part of the financial statements.

LOGAN COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
For The Year Ended June 30, 2009
(Continued)

Hospital Special Reserve Fund	Public Properties Corporation Fund - Justice Center	Non- Major Governmental Funds	Total Governmental Funds
\$	\$	\$ 379,631	\$ 4,760,153
			287,185
			1,149,845
		172,183	199,558
	1,070,205	250,317	3,815,508
			30,578
		48,742	292,736
150,996	94,414	41,001	385,753
<u>150,996</u>	<u>1,164,619</u>	<u>891,874</u>	<u>10,921,316</u>
		118,158	2,967,183
		530,835	2,678,785
		216,617	216,917
		13,000	14,950
		39,768	76,155
			1,825,936
		17,500	17,500
	1,072,684	364,529	1,437,213
	6,489,887		6,719,773
		179,863	1,184,026
	<u>7,562,571</u>	<u>1,480,270</u>	<u>17,138,438</u>
<u>150,996</u>	<u>(6,397,952)</u>	<u>(588,396)</u>	<u>(6,217,122)</u>
318,028		725,636	3,218,664
<u>318,028</u>		<u>725,636</u>	<u>(3,218,664)</u>
469,024	(6,397,952)	137,240	(6,217,122)
2,962,563	11,677,702	910,974	17,347,822
<u>\$ 3,431,587</u>	<u>\$ 5,279,750</u>	<u>\$ 1,048,214</u>	<u>\$ 11,130,700</u>

The accompanying notes are an integral part of the financial statements.

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**LOGAN COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

For The Year Ended June 30, 2009

LOGAN COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For The Year Ended June 30, 2009

Net Change in Fund Balances - Total Governmental Funds	\$ (6,217,122)
Amounts Reported for Governmental Activities in the Statement of Activities Are Different Because:	
Governmental Funds Report Capital Outlays as Expenditures. However, in the Statement of Activities the Cost of those Assets Is Allocated over Their Estimated Useful Lives and Reported as Depreciation Expense	
Book Value - Disposed Assets	(34,760)
Capital Outlay	7,933,046
Depreciation Expense	(712,782)
Financing Obligation Proceeds are Considered a Current Financial Resource to Governmental Funds While Financing Obligation Payments Are Expensed in the Governmental Funds as a Use of Current Financial Resources. These transactions, however, have no effect on net assets	
Financing Obligations Principal Payment	8,375
Bond Principal Payments	<u>735,000</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 1,711,757</u></u>

The accompanying notes are an integral part of the financial statements.

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LOGAN COUNTY
STATEMENT OF NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS

June 30, 2009

LOGAN COUNTY
STATEMENT OF NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS

June 30, 2009

	Enterprise Fund
	Jail Canteen Fund
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 10,749
Total Current Assets	10,749
Noncurrent Assets:	
Capital Assets:	
Vehicles	4,000
Equipment	13,727
Less: Accumulated Depreciation	(9,828)
Total Noncurrent Assets	7,899
Total Assets	18,648
Net Assets	
Invested in Capital Assets, Net of Related Debt	7,899
Unrestricted	10,749
Total Net Assets	\$ 18,648

The accompanying notes are an integral part of the financial statements.

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LOGAN COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS – PROPRIETARY FUND - MODIFIED CASH BASIS

For The Year Ended June 30, 2009

LOGAN COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS – PROPRIETARY FUND - MODIFIED CASH BASIS

For The Year Ended June 30, 2009

	Enterprise Fund
	Jail Canteen Fund
Operating Revenues	
Canteen Receipts	\$ 51,364
Other Receipts	4,971
Total Operating Revenues	56,335
Operating Expenses	
Cost of Sales	57,719
Educational and Recreational	2,278
Depreciation	2,775
Miscellaneous	5,080
Total Operating Expenses	67,852
Operating Loss	(11,517)
Nonoperating Revenues (Expenses)	
Inmate Pay From State	3,718
Inmate Refunds On Accounts	(3,718)
Total Nonoperating Revenues (Expenses)	—
Change In Net Assets	(11,517)
Total Net Assets - Beginning	30,165
Total Net Assets - Ending	\$ 18,648

The accompanying notes are an integral part of the financial statements.

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LOGAN COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS

For The Year Ended June 30, 2009

LOGAN COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS

For The Year Ended June 30, 2009

	Enterprise Fund
	Jail Canteen Fund
Cash Flows From Operating Activities	
Receipts From Customers	\$ 51,364
Other Receipts	5,531
Cost of Sales	(57,719)
Educational and Recreational	(2,278)
Miscellaneous	(5,080)
Net Cash Provided (Used) By Operating Activities	(8,182)
Cash Flows From Noncapital Financing Activities	
Inmate Pay From State	3,718
Inmate Refunds on Accounts	(3,718)
Net Cash Provided (Used) By Noncapital Financing Activities	-
Net Decrease in Cash and Cash Equivalents	(8,182)
Cash and Cash Equivalents - July 1, 2008	18,931
Cash and Cash Equivalents - June 30, 2009	\$ 10,749
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Loss	\$ (11,517)
Adjustments to Reconcile Operating Income To Net Cash Provided By Operating Activities -	
Loss on Disposal of Equipment	560
Depreciation Expense	2,775
Net Cash Provided By Operating Activities	\$ (8,182)

The accompanying notes are an integral part of the financial statements.

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**LOGAN COUNTY
STATEMENT OF FIDUCIARY NET ASSETS**

June 30, 2009

**LOGAN COUNTY
STATEMENT OF FIDUCIARY NET ASSETS**

June 30, 2009

	Agency Fund
	Flex Spending Account
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 14,286
Total Assets	14,286
Liabilities	
Amounts Held In Custody For Others	14,286
Total Liabilities	14,286
Net Assets	
Total Net Assets	\$ 0

The accompanying notes are an integral part of the financial statements.

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENTS**

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LOGAN COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The county presents its government-wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Property tax receivables, accounts payable, compensated absences, and donated assets, among other items, are not reflected in the financial statements.

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance (Reserved for Encumbrances).

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however, the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

B. Reporting Entity

The financial statements of Logan County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or their exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government. The county has one discretely presented component unit, the Logan County Tourist and Convention Commission (Commission). The Commission's financial statements have not been included in the County's financial statements, as they are considered immaterial.

Blended Component Units

Logan County Public Properties Corporation

The Logan County Fiscal Court appoints the Public Properties Corporation's governing board and has the ability to impose its will on the governing board. In addition, the Fiscal Court is financially accountable and legally obligated for the debt of the Public Properties Corporation. Financial information for the Public Properties Corporation is blended within Logan County's financial statements. All activities of the Public Properties Corporation are accounted for within a major (capital projects) fund and a non-major (debt service) fund.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Logan County Elected Officials

Kentucky law provides for election of the officials below from the geographic area constituting Logan County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities, and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

Additional Logan County Elected Officials

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

D. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions and; 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to lien and sale the 3rd Saturday in April following the delinquency date.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Government-wide and Fund Financial Statements (Continued)

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

Governmental Funds

The primary government reports the following major governmental funds:

General Fund - This is the primary operating fund of the Fiscal Court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road and Bridge Fund - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the Fiscal Court to maintain these receipts and expenditures separately from the General Fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of revenue for this fund are reimbursements from the state and federal government, other counties for housing prisoners and transfers from the General Fund. The Department for Local Government requires the Fiscal Court to maintain these receipts and expenditures separately from the General Fund.

Occupational Tax/Net Profits Tax Fund - The primary purpose for this fund is the collection of occupational tax and net profit tax.

Hospital Special Reserve Fund – The primary purpose of this fund is to act as a reserve fund. This is the County’s primary savings account.

Public Properties Corporation Fund – Justice Center – The purpose of this fund is to account for bond proceeds, capital construction costs, and debt service payments related to the Justice Center.

The primary government also has the following nonmajor funds: Local Government Economic Assistance Fund, Solid Waste/Recycling Fund, Life Skills Revolving Loan Fund, and the 911 Fund, which are presented as Special Revenue Funds. These funds are used to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes. The other nonmajor fund is the Public Properties Corporation Fund – Detention Center. This fund is considered a debt service fund.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Government-wide and Fund Financial Statements (Continued)

Governmental Funds (Continued)

Special Revenue Funds:

The Road and Bridge Fund, Jail Fund, Occupational Tax/Net Profits Tax Fund, Hospital Special Reserve Fund, Local Government Economic Assistance Fund, Solid Waste/Recycling Fund, Life Skills Revolving Loan Fund, and the 911 Fund are presented as special revenue funds. Special revenue funds are to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

Debt Service Funds:

The Public Properties Corporation Fund - Detention Center is presented as a debt service fund. The debt service funds are to account for the accumulation of resources for, and the payment of general long-term debt principal and interest related to the Detention Center and the Justice Center.

Capital Projects Fund:

The Public Properties Corporation Fund - Justice Center is presented as a capital projects funds. Capital projects funds are to account for the financial resources to be used for the acquisition, construction, or renovation of major capital facilities.

Proprietary Fund

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the county's enterprise fund is charges to customers for sales in the Jail Canteen Fund. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. The government has elected not to adopt Financial Accounting Standards Board (FASB) Statements or Interpretations issued November 30, 1989, unless the Governmental Accounting Standards Board (GASB) adopts such FASB Statements or Interpretations.

The primary government reports the following major proprietary fund:

Jail Canteen Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen Fund.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Government-wide and Fund Financial Statements (Continued)

Fiduciary Funds

Fiduciary funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. The county's agency fund is used to account for monies held by the county in the Flex Spending Account for custodial purposes only. Unlike other funds, the agency fund reports assets and liabilities only; therefore, it has no measurement focus.

The primary government reports the following fiduciary fund:

Flex Spending Account - This fund accounts for funds received from employees, which are held until an employee is reimbursed for a reimbursable expense.

E. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

LOGAN COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2009
 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Capital Assets (Continued)

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 12,500	20-25
Buildings	15,000	10-60
Building Improvements	25,000	10-60
Machinery and Equipment	1,000	3-25
Vehicles	1,000	3-12
Infrastructure	20,000	20-40

G. Long-term Obligations

In the government-wide financial statements and proprietary fund in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds and financing obligations are reported.

In the fund financial statements, governmental funds recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

H. Fund Equity

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances, may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

"Reserved for Encumbrances" are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities, however encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

I. Budgetary Information

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

J. Related Organizations, Joint Ventures, and Jointly Governed Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Logan County Fiscal Court: East Logan County Water District and North Logan County Water District. The fiscal court's accountability for these organizations, however, does not extend beyond making the appointments.

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based upon these criteria, the following is considered a joint venture of the Logan County Fiscal Court: Joint City-County Planning Commission and Board of Adjustment (Planning Commission). Logan County Fiscal Court is a participant with the cities of Adairville, Auburn, Lewisburg, and Russellville. The Planning Commission is governed by an eleven-member board composed of five appointees from the Logan County Fiscal Court, three appointees from the City of Russellville and one appointee each from the cities of Adairville, Auburn, and Lewisburg. All participants are obligated to pay expenses not met by Federal and State funds on a pro rata basis.

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that creates the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. The Logan County Fiscal Court (Fiscal Court), in conjunction with City of Russellville (City), has created the Russellville-Logan County Airport Board (Airport Board). The Airport Board is composed of three members each from the Fiscal Court and City. On September 23, 1997, the Fiscal Court and the City guaranteed repayment of loans in the amount of \$120,000 at an interest rate of 2% per annum. The loans are for a period of ten years for the purpose of constructing capital improvements.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 2. Deposits

The primary government maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 41.240(4). As of June 30, 2009, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Reporting Entity			Ending Balance
	Beginning Balance	Increases	Decreases	
Primary Government:				
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,452,005	\$ 27,486	\$	\$ 1,479,491
Construction In Progress	1,533,543			1,533,543
Total Capital Assets Not Being Depreciated	<u>2,985,548</u>	<u>27,486</u>		<u>3,013,034</u>
Capital Assets, Being Depreciated:				
Buildings	6,914,882	6,456,739		13,371,621
Vehicles	851,481	326,753	(82,534)	1,095,700
Equipment	2,204,848	245,729	(176,316)	2,274,261
Infrastructure	5,004,441	876,339		5,880,780
Total Capital Assets Being Depreciated	<u>14,975,652</u>	<u>7,905,560</u>	<u>(258,850)</u>	<u>22,622,362</u>
Less Accumulated Depreciation For:				
Buildings	(2,291,682)	(144,589)		(2,436,271)
Vehicles	(554,153)	(82,658)	71,880	(564,931)
Equipment	(1,223,625)	(163,755)	152,210	(1,235,170)
Infrastructure	(572,992)	(321,780)		(894,772)
Total Accumulated Depreciation	<u>(4,642,452)</u>	<u>(712,782)</u>	<u>224,090</u>	<u>(5,131,144)</u>
Total Capital Assets, Being Depreciated, Net	<u>10,333,200</u>	<u>7,192,778</u>	<u>(34,760)</u>	<u>17,491,218</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,318,748</u>	<u>\$ 7,220,264</u>	<u>\$ (34,760)</u>	<u>\$ 20,504,252</u>

LOGAN COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2009
 (Continued)

Note 3. Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2009 was as follows: (Continued)

	Reporting Entity			Ending Balance
	Beginning Balance	Increases	Decreases	
Primary Government: (Continued)				
<u>Business-Type Activities:</u>				
Capital Assets, Being Depreciated:				
Vehicles	\$ 4,000	\$	\$	\$ 4,000
Equipment	15,727		(2,000)	13,727
Total Capital Assets Being Depreciated	19,727		(2,000)	17,727
Less Accumulated Depreciation For:				
Vehicles	(2,160)	(720)		(2,880)
Equipment	(6,333)	(2,055)	1,440	(6,948)
Total Accumulated Depreciation	(8,493)	(2,775)	1,440	(9,828)
Total Capital Assets, Being Depreciated, Net	11,234	(2,775)	(560)	7,899
Business-Type Activities Capital Assets, Net	<u>\$ 11,234</u>	<u>\$ (2,775)</u>	<u>\$ (560)</u>	<u>\$ 7,899</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$ 147,961
Protection to Persons and Property	69,502
General Health and Sanitation	142,114
Roads, Including Depreciation of General Infrastructure Assets	<u>353,205</u>

Total Depreciation Expense - Governmental Activities \$ 712,782

Business-Type Activities

Jail Canteen 2,775

Total Depreciation Expense - Business-Type Activities \$ 2,775

LOGAN COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2009
 (Continued)

Note 4. Long-term Debt

A. Bonds

On September 1, 1998, Logan County Public Properties Corporation issued first mortgage revenue bonds to provide funding for the construction of the Logan County Jail. The total bond issue was in the amount of \$5,140,000, with interest rates varying between 4.30% and 5.1%. Interest is payable on March 1 and September 1 of each year. At the date of sale, there was \$24,726 in accrued interest that was remitted to the Public Properties Corporation along with the bond proceeds. On October 7, 1998 funds were transferred from the Construction Fund Account to the Debt Reserve Account in the amount of \$368,988. Annually \$19,741 is transferred from the Debt Reserve Account to the Sinking Fund Account to pay a portion of the interest. The bond issue provides for early redemption, with 30 days notice, on or after September 1, 2008. Bonds outstanding as of June 30, 2009 were \$3,970,000. Debt service requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Scheduled Interest	Principal Amount
2010	\$ 193,368	\$ 165,000
2011	185,746	170,000
2012	177,651	180,000
2013	169,001	190,000
2014	159,736	200,000
2015-2019	635,625	1,170,000
2020-2024	295,929	1,535,000
2025-2029	9,180	360,000
Totals	<u>\$ 1,826,236</u>	<u>\$ 3,970,000</u>

B. Bonds

On February 1, 2008, Logan County Public Properties Corporation issued first mortgage revenue bonds to provide funding for the construction of the Logan County Judicial Center. The total bond issue was in the amount of \$14,775,000, with interest rates varying between 2.50% and 4.25%. Interest is payable on February 1 and August 1 of each year. At the date of sale, there was \$4,479 in accrued interest that was remitted to the Public Properties Corporation along with the bond proceeds. Funding of the debt service is provided by a lease arrangement with the Commonwealth of Kentucky Administrative Office of the Courts. Bonds outstanding as of June 30, 2009 were \$14,195,000. Debt service requirements are:

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 4. Long-term Debt (Continued)

B. Bonds (Continued)

Fiscal Year Ended June 30	Governmental Activities	
	Scheduled Interest	Principal Amount
2010	\$ 522,974	\$ 550,000
2011	509,224	560,000
2012	492,424	580,000
2013	475,024	595,000
2014	457,174	615,000
2015-2019	1,980,550	3,370,000
2020-2024	1,303,595	4,055,000
2025-2029	412,057	3,870,000
Totals	<u>\$ 6,153,022</u>	<u>\$ 14,195,000</u>

C. Financing Obligation

On July 1, 2000, Logan County Fiscal Court entered into a loan agreement with the Kentucky Infrastructure Authority for \$175,917. The Fiscal Court received \$78,731 of the loan proceeds. The loan was for the purpose of establishing a comprehensive recycling program for Logan County, including the cities of Russellville, Auburn, and Lewisburg. The interest rate was 2.60% for a period of ten (10) years, interest, and principal paid semi-annually. Loan balance outstanding as of June 30, 2009 was \$17,414. Debt service requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Scheduled Interest	Principal Amount
2010	\$ 397	\$ 8,594
2011	172	8,820
Totals	<u>\$ 569</u>	<u>\$ 17,414</u>

LOGAN COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2009
 (Continued)

Note 4. Long-term Debt (Continued)

D. Changes In Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due in More Than One Year
Primary Government:						
<u>Governmental Activities:</u>						
General Obligation Bonds	\$ 4,125,000	\$	\$ 155,000	\$ 3,970,000	\$ 165,000	3,805,000
Financing Obligations	25,789		8,375	17,414	8,594	8,820
Mortgage Revenue Bonds	14,775,000		580,000	14,195,000	550,000	13,645,000
Governmental Activities						
Long-term Liabilities	<u>\$ 18,925,789</u>	<u>\$</u>	<u>\$ 743,375</u>	<u>\$ 18,182,414</u>	<u>\$ 723,594</u>	<u>\$ 17,458,820</u>

Note 5. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple-employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.50 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 6. Deferred Compensation

On June 13, 2000, the Logan County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate. These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, Kentucky, 40601-8862, or by telephone at (502) 573-7925.

Note 7. Insurance

For the fiscal year ended June 30, 2009, Logan County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 8. Interest on Long-Term Debt and Financing Obligations

Debt Service on the Statement of Activities includes \$617 in interest on financing obligations and \$693,174 in interest on bonds.

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
Required Supplementary Information
For The Year Ended June 30, 2009

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
Required Supplementary Information
Modified Cash Basis

For The Year Ended June 30, 2009

	GENERAL FUND			
	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 1,654,900	\$ 1,654,900	\$ 1,822,521	\$ 167,621
In Lieu Tax Payments	212,000	212,000	287,185	75,185
Licenses and Permits	21,800	21,800	27,375	5,575
Intergovernmental Revenue	1,706,770	1,748,437	1,631,509	(116,928)
Miscellaneous	47,000	185,962	179,452	(6,510)
Interest	46,500	46,500	55,272	8,772
Total Revenues	<u>3,688,970</u>	<u>3,869,599</u>	<u>4,003,314</u>	<u>133,715</u>
EXPENDITURES				
General Government	3,168,802	3,231,195	2,783,626	447,569
Protection to Persons and Property	569,954	827,180	768,080	59,100
General Health and Sanitation	300	100,300	300	100,000
Social Services		1,950	1,950	
Recreation and Culture	45,000	45,000	36,387	8,613
Capital Projects	315,797	315,797	220,000	95,797
Administration	565,117	564,970	476,820	88,150
Total Expenditures	<u>4,664,970</u>	<u>5,086,392</u>	<u>4,287,163</u>	<u>799,229</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(976,000)</u>	<u>(1,216,793)</u>	<u>(283,849)</u>	<u>932,944</u>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds			120,000	120,000
Transfers To Other Funds	(13,000)	(13,000)	(120,000)	(107,000)
Total Other Financing Sources (Uses)	<u>(13,000)</u>	<u>(13,000)</u>	<u></u>	<u>13,000</u>
Net Changes in Fund Balances	(989,000)	(1,229,793)	(283,849)	945,944
Fund Balances - Beginning	989,000	989,000	981,578	(7,422)
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ (240,793)</u>	<u>\$ 697,729</u>	<u>\$ 938,522</u>

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
Required Supplementary Information
Modified Cash Basis
For The Year Ended June 30, 2009
(Continued)

	ROAD AND BRIDGE FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	\$ 1,393,987	\$ 1,393,987	\$ 1,494,934	\$ 100,947
Miscellaneous	600	25,700	25,989	289
Interest	12,000	12,000	12,803	803
Total Revenues	<u>1,406,587</u>	<u>1,431,687</u>	<u>1,533,726</u>	<u>102,039</u>
EXPENDITURES				
General Government	500	263	260	3
Roads	2,094,558	2,132,857	1,825,936	306,921
Capital Projects	65,000	52,181	9,886	42,295
Administration	216,154	216,011	185,948	30,063
Total Expenditures	<u>2,376,212</u>	<u>2,401,312</u>	<u>2,022,030</u>	<u>379,282</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(969,625)</u>	<u>(969,625)</u>	<u>(488,304)</u>	<u>481,321</u>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	943,625	943,625	485,000	(458,625)
Total Other Financing Sources (Uses)	<u>943,625</u>	<u>943,625</u>	<u>485,000</u>	<u>(458,625)</u>
Net Changes in Fund Balances	(26,000)	(26,000)	(3,304)	22,696
Fund Balances - Beginning	<u>26,000</u>	<u>26,000</u>	<u>27,809</u>	<u>1,809</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 24,505</u>	<u>\$ 24,505</u>

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
Required Supplementary Information
Modified Cash Basis
For The Year Ended June 30, 2009
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	\$ 608,475	\$ 608,475	\$ 518,388	\$ (90,087)
Charges for Services	37,550	37,550	30,578	(6,972)
Miscellaneous	37,100	37,100	38,553	1,453
Interest	3,000	3,000	2,467	(533)
Total Revenues	<u>686,125</u>	<u>686,125</u>	<u>589,986</u>	<u>(96,139)</u>
EXPENDITURES				
Protection to Persons and Property	1,427,655	1,435,492	1,379,870	55,622
Debt Service	335,750	335,750	335,636	114
Administration	339,491	331,654	324,034	7,620
Total Expenditures	<u>2,102,896</u>	<u>2,102,896</u>	<u>2,039,540</u>	<u>63,356</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(1,416,771)</u>	<u>(1,416,771)</u>	<u>(1,449,554)</u>	<u>(32,783)</u>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	1,365,771	1,365,771	1,450,000	84,229
Total Other Financing Sources (Uses)	<u>1,365,771</u>	<u>1,365,771</u>	<u>1,450,000</u>	<u>84,229</u>
Net Changes in Fund Balances	(51,000)	(51,000)	446	51,446
Fund Balances - Beginning	<u>51,000</u>	<u>51,000</u>	<u>55,243</u>	<u>4,243</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 55,689</u>	<u>\$ 55,689</u>

**Reconciliation of the Budgetary Comparison Schedule to
Statement of Revenues, Expenditures, and Changes In Fund Balance**

Total - Budgetary Comparison Schedule	<u>\$ 2,039,540</u>
Transfers Out - To Public Properties Corporation Fund - Detention Center	<u>(335,636)</u>
Total - Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 1,703,904</u>

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
Required Supplementary Information
Modified Cash Basis
For The Year Ended June 30, 2009
(Continued)

OCCUPATIONAL TAX/ NET PROFITS TAX FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,500,000	\$ 2,500,000	\$ 2,558,001	\$ 58,001
Interest	32,400	32,400	28,800	(3,600)
Total Revenues	<u>2,532,400</u>	<u>2,532,400</u>	<u>2,586,801</u>	<u>54,401</u>
EXPENDITURES				
General Government	116,330	116,330	65,139	51,191
Administration	61,665	61,665	17,361	44,304
Total Expenditures	<u>177,995</u>	<u>177,995</u>	<u>82,500</u>	<u>95,495</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>2,354,405</u>	<u>2,354,405</u>	<u>2,504,301</u>	<u>149,896</u>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds			120,000	120,000
Transfers To Other Funds	(3,094,405)	(3,094,405)	(2,763,028)	331,377
Total Other Financing Sources (Uses)	<u>(3,094,405)</u>	<u>(3,094,405)</u>	<u>(2,643,028)</u>	<u>451,377</u>
Net Changes in Fund Balances	(740,000)	(740,000)	(138,727)	601,273
Fund Balances - Beginning	<u>740,000</u>	<u>740,000</u>	<u>731,953</u>	<u>(8,047)</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 593,226</u>	<u>\$ 593,226</u>

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
Required Supplementary Information
Modified Cash Basis
For The Year Ended June 30, 2009
(Continued)

HOSPITAL SPECIAL RESERVE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 125,000	\$ 125,000	\$ 150,996	\$ 25,996
Total Revenues	<u>125,000</u>	<u>125,000</u>	<u>150,996</u>	<u>25,996</u>
EXPENDITURES				
Administration	3,418,248	3,177,730		3,177,730
Total Expenditures	<u>3,418,248</u>	<u>3,177,730</u>		<u>3,177,730</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(3,293,248)</u>	<u>(3,052,730)</u>	150,996	<u>3,203,726</u>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	331,028	331,028	318,028	(13,000)
Total Other Financing Sources (Uses)	<u>331,028</u>	<u>331,028</u>	<u>318,028</u>	<u>(13,000)</u>
Net Changes in Fund Balances	(2,962,220)	(2,721,702)	469,024	3,190,726
Fund Balances - Beginning	<u>2,962,220</u>	<u>2,962,220</u>	<u>2,962,563</u>	<u>343</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 240,518</u>	<u>\$ 3,431,587</u>	<u>\$ 3,191,069</u>

**LOGAN COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2009

Budgetary Information

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

LOGAN COUNTY
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Other Supplementary Information

June 30, 2009

LOGAN COUNTY
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Other Supplementary Information

June 30, 2009

	Local Government Economic Assistance Fund	Solid Waste/ Recycling Fund	Life Skills Revolving Loan Fund	911 Fund
ASSETS				
Cash and Cash Equivalents	\$ 6,299	\$ 463,410	\$ 71,298	\$ 76,973
Total Assets	<u>\$ 6,299</u>	<u>\$ 463,410</u>	<u>\$ 71,298</u>	<u>\$ 76,973</u>
FUND BALANCES				
Reserved for:				
Encumbrances	\$ 100	\$ 3,227	\$	\$ 7,049
Debt Service Fund				
Unreserved:				
Special Revenue Funds	6,199	460,183	71,298	69,924
Total Fund Balances	<u>\$ 6,299</u>	<u>\$ 463,410</u>	<u>\$ 71,298</u>	<u>\$ 76,973</u>

The accompanying notes are an integral part of the financial statements.

LOGAN COUNTY
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Other Supplementary Information
June 30, 2009
(Continued)

Public Properties Corporation Fund - Detention Center	Total Non-Major Governmental Funds
\$ 430,234	\$ 1,048,214
<u>\$ 430,234</u>	<u>\$ 1,048,214</u>
\$ 430,234	\$ 10,376
430,234	430,234
	<u>607,604</u>
<u>\$ 430,234</u>	<u>\$ 1,048,214</u>

The accompanying notes are an integral part of the financial statements.

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LOGAN COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Other Supplementary Information
For The Year Ended June 30, 2009

LOGAN COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Other Supplementary Information

For The Year Ended June 30, 2009

	Local Government Economic Assistance Fund	Solid Waste/ Recycling Fund	Life Skills Revolving Loan Fund	911 Fund
REVENUES				
Taxes	\$	\$	\$	\$ 379,631
License and Permits		172,183		
Intergovernmental	65,519	66,500		118,298
Miscellaneous	1,500	37,350	9,600	292
Interest	781	18,180	2,773	2,674
Total Revenues	<u>67,800</u>	<u>294,213</u>	<u>12,373</u>	<u>500,895</u>
EXPENDITURES				
General Government	118,158			
Protection to Persons and Property				530,835
General Health and Sanitation	44,031	172,586		
Social Services	13,000			
Recreation and Culture	39,768			
Airports	17,500			
Debt Service		9,039		
Administration	555	32,685		146,623
Total Expenditures	<u>233,012</u>	<u>214,310</u>		<u>677,458</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(165,212)</u>	<u>79,903</u>	<u>12,373</u>	<u>(176,563)</u>
Other Financing Sources (Uses)				
Transfers From Other Funds	170,000			220,000
Total Other Financing Sources (Uses)	<u>170,000</u>			<u>220,000</u>
Net Change in Fund Balances	4,788	79,903	12,373	43,437
Fund Balances - Beginning	1,511	383,507	58,925	33,536
Fund Balances - Ending	<u>\$ 6,299</u>	<u>\$ 463,410</u>	<u>\$ 71,298</u>	<u>\$ 76,973</u>

The accompanying notes are an integral part of the financial statements.

LOGAN COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Other Supplementary Information
For The Year Ended June 30, 2009
(Continued)

Public Properties Corporation Fund - Detention Center	Total Non-Major Governmental Funds
\$	\$ 379,631
	172,183
	250,317
	48,742
16,593	41,001
<u>16,593</u>	<u>891,874</u>
	118,158
	530,835
	216,617
	13,000
	39,768
	17,500
355,490	364,529
	179,863
<u>355,490</u>	<u>1,480,270</u>
<u>(338,897)</u>	<u>(588,396)</u>
<u>335,636</u>	<u>725,636</u>
<u>335,636</u>	<u>725,636</u>
(3,261)	137,240
<u>433,495</u>	<u>910,974</u>
<u>\$ 430,234</u>	<u>\$ 1,048,214</u>

The accompanying notes are an integral part of the financial statements.

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



PEERCY AND GRAY, PSC

Certified Public Accountants

2300 Hurstbourne Village Drive, Suite 500

Louisville, Kentucky 40299

Phone: (502) 493-1090

FAX: (502) 493-7231

The Honorable Logan Chick, Logan County Judge/Executive
Members of the Logan County Fiscal Court

**Report On Internal Control Over Financial Reporting And On
Compliance And Other Matters Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Logan County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements, as listed in the table of contents and have issued our report thereon dated October 21, 2009. Logan County presents its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the modified cash basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

Compliance And Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management and the Department for Local Government and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink that reads "Percy and Gray, PSC". The signature is written in a cursive, flowing style.

Percy and Gray, PSC
Certified Public Accountants

October 21, 2009

**CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

LOGAN COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2009**

Appendix A

**CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

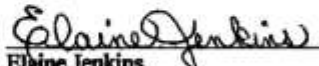
LOGAN COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2009

The Logan County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Logan Chick
County Judge/Executive



Elaine Jenkins
County Treasurer

APPENDIX C

**LOGAN COUNTY PUBLIC PROPERTIES CORPORATION
FIRST MORTGAGE REVENUE REFUNDING BONDS, SERIES 2010
(DETENTION FACILITIES PROJECT)**

Form of Legal Approving Opinion

Logan County Public Properties Corporation
Russellville, Kentucky

County of Logan, Kentucky
Russellville, Kentucky

Gentlemen:

We have examined the transcript of proceedings relating to the issue of \$_____ First Mortgage Revenue Refunding Bonds, Series 2010 (Detention Facilities Project), dated March __, 2010 (the "Bonds") of the Logan County Public Properties Corporation (the "Corporation"), acting as an agency and instrumentality and as the constituted authority of the County of Logan, Kentucky (the "County"), bearing interest and maturing as set forth in a Mortgage Deed of Trust from the Corporation to U.S. Bank National Association, as trustee (the "Trustee"), dated as of March 1, 2010 (the "Mortgage").

The Bonds are authorized pursuant to the Constitution and Statutes of the Commonwealth of Kentucky, particularly §§ 58.010 through 58.150, inclusive, of the Kentucky Revised Statutes, a resolution of the County and a resolution of the Corporation.

The facilities to be refinanced with the proceeds of the Bonds (the "Project") have been leased by the Corporation to the County pursuant to a Contract, Lease Agreement and Option dated as of March 1, 2010 (the "Lease") for an initial period from the date of issuance of the Bonds until June 30, 2010. Under the Lease, the County is granted the exclusive option to renew the Lease for each succeeding fiscal period ending June 30 of each year at rentals sufficient to pay the Bonds and interest thereon as same become due. Under the Lease, the County has agreed to operate, maintain, insure and repair the Project so long as any of the Bonds remain outstanding.

The Bonds are secured by a mortgage lien created by the Mortgage, and by the Lease, and all receipts derived therefrom. The Lease has been assigned to the Trustee.

We have examined a specimen Bond of this issue and approve its form.

Based on the foregoing, we are of the opinion that:

1. The Corporation is a duly organized and existing nonprofit no-stock corporation, organized and existing under the provisions of Chapter 58 and Chapter 273 of the Kentucky Revised Statutes to act as the agency and instrumentality of the County.

2. The Bonds, the Mortgage and the Lease have been duly authorized, executed and delivered by the Corporation and constitute valid, binding and enforceable obligations of the Corporation and the Lease has been duly authorized, executed and delivered by the Corporation and the County and constitutes a valid, binding and enforceable obligation of the Corporation and the County.

3. The Bonds constitute special obligations of the Corporation and the principal of and interest and any premium on the Bonds (collectively, "debt service"), are payable solely from the revenues and other moneys pledged and assigned by the Mortgage to secure that payment. The Bonds and the payment of debt service are not secured by an obligation or pledge of any moneys raised by taxation and the Bonds do not represent or constitute an indebtedness of the County or a pledge of the faith and credit or the taxing power of the County, the Commonwealth of Kentucky or any political subdivision thereof.

Dated: _____, 2006

*Indicates preliminary, subject to change throughout.

4. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Bonds is excludible from gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax for individuals and corporations, nor be includable in adjusted current earnings, under Section 56(c) of the Code, in computing the alternative minimum tax for corporations. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. We express no other opinion as to the federal tax consequences of purchasing, holding or disposing of the Bonds.

5. The interest on the Bonds is not subject to taxation by the Commonwealth of Kentucky, and the Bonds are not subject to ad valorem taxation by the Commonwealth of Kentucky or by any political subdivision thereof.

The Corporation and the County have designated the Bonds as "qualified tax-exempt obligations" under § 265 of the Code.

This opinion is based upon laws, regulations, rulings and decisions in effect on the date hereof. In giving this opinion, we have relied upon covenants and certifications of facts, estimates and expectations made by the Corporation, the County and others which we have not independently verified. It is to be understood that the enforceability of the Bonds, the Mortgage and the Lease may be subject to bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting creditors' rights, and to exercise of judicial discretion in accordance with general principles of equity.

Very truly yours,

APPENDIX D

**LOGAN COUNTY PUBLIC PROPERTIES CORPORATION
FIRST MORTGAGE REVENUE REFUNDING BONDS, SERIES 2010
(DETENTION FACILITIES PROJECT)**

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$3,885,000*

**Logan County Public Properties Corporation
First Mortgage Revenue Refunding Bonds, Series 2010 (Detention Facilities Project)**

Dated: Date of Delivery

As advertised in conformity with Chapter 424 of the Kentucky Revised Statutes, the Logan County Public Properties Corporation (the "Corporation"), acting as the agency and instrumentality of and on behalf of the County of Logan, Kentucky (the "County"), will until March 4, 2010, at 11:00 A.M., E.T., receive in the Office of the Judge/Executive, 200 West 4th Street, Russellville, Kentucky 42276, sealed, competitive bids for the purchase of the following Bonds, subject to the following terms and conditions:

1. Description of Bonds - The Bonds offered for sale are Three Million Eight Hundred Eighty-Five Thousand Dollars (\$3,885,000*) principal amount of "Logan County Public Properties Corporation First Mortgage Revenue Refunding Bonds, Series 2010 (Detention Facilities Project)" (the "Bonds"), to be dated their date of initial issuance and delivery and being fully registered Bonds of the denominations of \$5,000 and any integral multiple of \$5,000, maturing as to principal on September 1, 2010, and each September 1 thereafter through and including September 1, 2024.
2. Subject to Permitted Adjustment increasing or decreasing the principal amount of the Bonds to be sold as set forth in Section 5(c) below.
3. Principal amounts are subject to change on date of sale in order to maximize potential savings as a result of the refinancing and will be resized in accordance with the purchaser of the Bonds.

The Bonds are subject to redemption prior to their stated maturities, as described in the Official Statement.

Principal and interest will be payable at the principal office of U.S. Bank National Association, Louisville, Kentucky. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on March 1 and September 1 of each year, beginning September 1, 2010.

The authority, purpose, security and source of payment of the Bonds, and the application of the proceeds thereof, are described in the Official Statement of the Issuer, reference to which is hereby made.

4. Time of Sale - Bids for the Bonds will be opened, and acted upon, by the President of the Corporation, on the date and at the time above set out.
5. Sale Conditions -
 - (a) Bids shall be for the entire issue and shall be made on the Official Bid Form in order to provide for uniformity in submission of bids and ready determination of the lowest and best bid.
 - (b) Bids shall be for cash and for the entire issue at not less than \$3,846,150 (99% of par), PAYABLE IN FEDERAL FUNDS.

- (c) The determination of the best purchase bid for said Bonds shall be made on the basis of all bids submitted for exactly \$3,885,000 principal amount of Bonds offered for sale under the terms and conditions herein specified; provided, however, the Corporation reserves the right to increase the total principal amount of the Bonds sold to such best bidder up to a maximum of \$4,340,000 or to decrease the principal amount of the Bonds sold to such best bidder to a minimum of \$3,550,000, with such increase or decrease made in any maturity. In the event of such adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price at which such adjusted principal amount of Bonds will be sold will be at the same price per \$1,000 of Bonds as the price per \$1,000 for the \$3,885,000 of Bonds bid.
- (d) The successful purchaser shall be required (without further advice from the Corporation) to wire transfer an amount equal to 2% of the principal amount of Bonds awarded to the Paying Agent Bank by the close of business of the day following the award as a good faith deposit. Said amount will be applied (without interest) to the purchase price upon delivery and will be forfeited if the purchaser fails to take delivery.
- (e) Bidders must stipulate an interest rate or rates in multiples of 1/8, 1/10 or 1/20 of 1%.
- (f) Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.
- (g) The right to reject bids for any reason deemed advisable by the President of the Corporation and the right to waive any possible informalities or irregularities in any bid which in the judgment of the President shall be minor or immaterial is expressly reserved.

6. Additional Sale Provisions -

- (a) The Bonds are being offered and are to be issued subject to, and the Corporation will furnish to the purchaser upon Bond delivery, the approving legal opinion of Bond Counsel, Peck, Shaffer & Williams LLP, attorneys at law, as to the due and proper authorization, validity and tax-exempt status of the Bonds and interest thereon as more particularly described in the Official Statement, to which reference is made. The Corporation will also furnish, at its own expense, the printed Bonds, together with customary closing documents, including no-litigation certificate.
- (b) The Bonds are offered for sale on the basis of the principal not being subject to Kentucky ad valorem taxation and on the basis of the interest on the Bonds being excludable from gross income for Federal and Kentucky income taxation on the date of their delivery to the successful bidder, subject to the further exceptions, assumptions and provisions of the Official Statement. The Bonds have been designated by the County and the Corporation as an issue of "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986. If, prior to the delivery of the Bonds, any event should occur which alters

such tax-exempt and other status, the purchaser shall have the privilege of avoiding the purchase contract by giving immediate written notice to the Treasurer of the Corporation, whereupon the good faith check of the purchaser will be returned to the purchaser, and all respective obligations of the parties will be terminated.

- (c) The President of the Corporation will accept a bid or reject all bids on the date stated at the beginning of this Official Terms and Conditions of Bond Sale.
- (d) Each bid on the Official Bid Form shall be placed in a sealed envelope addressed to the President of the Corporation, and on the outside of the envelope, there shall appear a legend identifying the same as being a bid for the "Logan County Public Properties Corporation First Mortgage Revenue Refunding Bonds, Series 2010 (Detention Facilities Project)." No bid will be given consideration unless it is actually received or is in the process of telephonic transfer in the office of said President prior to the time set forth at the beginning of this Official Terms and Conditions of Bond Sale.
- (e) Notice is hereby given that electronic proposals will be received via the **BIDCOMP™/PARITY™** system, in the manner described below, until 11:00 A.M. E.T., on March 4, 2010. Bids may be submitted electronically via the **BIDCOMP™/PARITY™** system pursuant to this Notice until 11:00 A.M. E.T., but no bid received after the time for receiving bids above. To the extent any instructions or directions set forth in the **BIDCOMP™/PARITY™** system conflict with this Notice, the terms of this Notice shall control. For further information about the **BIDCOMP™/PARITY™** system, potential bidders may contact the **BIDCOMP™/PARITY™** system at 212-404-8102.
- (f) The purchaser will be required to take delivery of and pay for the Bonds on a date to be designated by the Corporation which is expected to be on or about March 18, 2010 and upon notice being given by the Corporation or its Financial Advisor at least seven (7) business days prior to the designated delivery date. The purchaser may specify the place of delivery at the expense of the Corporation at a bank or trust company situated in the cities of Lexington, Kentucky; Louisville, Kentucky; Frankfort, Kentucky; Chicago, Illinois; or New York, New York. Delivery elsewhere will be made at the expense of the purchaser.
- (g) Prospective bidders are advised that First Kentucky Securities Corporation has been employed as Financial Advisor in connection with the issuance of the Bonds. Their fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof. Bidders, including First Kentucky Securities Corporation, may submit a bid for the purchase of the Bonds at the time of the advertised public sale, either individually or as a member of a syndicate organized to submit a bid for the purchase of the Bonds.
- (h) PURCHASER'S OPTION:
 - (1) The Purchaser of the Bonds may specify to the Corporation that any of the Bonds may be combined with immediately succeeding sequential maturities into a Term Bond or Term Bonds, bearing a single rate of interest, with the maturities set forth above (or as may be adjusted as

provided herein) comprising mandatory sinking fund redemption amounts for such Term Bond(s).

- (2) If the successful bidder desires to obtain insurance guaranteeing the payment of the principal and/or interest on the Bonds, the Corporation agrees that it will cooperate with the successful bidder in obtaining such insurance, but all of the expenses and charges in connection therewith shall be borne by such bidder and the Corporation shall not be liable to any extent therefor.
 - (3) The successful bidder may likewise elect to notify the Financial Advisor within twenty-four (24) hours of the award that standard bond certificates be issued. If no such election is made the Bonds will be delivered using the BOOK-ENTRY-ONLY-SYSTEM administered by The Depository Trust Company.
- (i) The Corporation will provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12. A final Official Statement will be provided in Electronic Form to the successful bidder, in sufficient time to meet the delivery requirements of the successful bidder under SEC and Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder will be required to pay for the printing of Final Official Statements.

By: /s/ Logan Chick

President
Logan County
Public Properties Corporation

APPENDIX E

**LOGAN COUNTY PUBLIC PROPERTIES CORPORATION
FIRST MORTGAGE REVENUE REFUNDING BONDS, SERIES 2010
(DETENTION FACILITIES PROJECT)**

Official Bid Form

OFFICIAL BID FORM

March 4, 2010

President and Members of the
Board of Directors
Logan County Public Properties Corporation
200 West 4th Street
Russellville, Kentucky 42276

Subject to the Official Terms and Conditions of Bond Sale in respect to the \$3,885,000* "Logan County Public Properties Corporation First Mortgage Revenue Refunding Bonds, Series 2010 (Detention Facilities Project)", to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase said Bonds.

We hereby bid for said \$3,885,000* principal amount of Bonds the total sum of \$_____ (not less than \$3,846,150) at the following annual rate(s), payable semiannually (rates on ascending scale, number of interest rates unlimited):

<u>Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Serial</u> <u>Bond</u> <u>Rate</u>	<u>Term</u> <u>Bond</u> <u>Rate</u>	<u>Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Serial</u> <u>Bond</u> <u>Rate</u>	<u>Term</u> <u>Bond</u> <u>Rate</u>
2010	\$210,000	_____	_____	2018	\$260,000	_____	_____
2011	210,000	_____	_____	2019	270,000	_____	_____
2012	215,000	_____	_____	2020	285,000	_____	_____
2013	220,000	_____	_____	2021	295,000	_____	_____
2014	225,000	_____	_____	2022	310,000	_____	_____
2015	230,000	_____	_____	2023	320,000	_____	_____
2016	245,000	_____	_____	2024	340,000	_____	_____
2017	250,000	_____	_____			_____	_____

We understand this bid may be accepted for as much as \$4,340,000 of Bonds or as little as \$3,550,000 of Bonds, at the same price per \$1,000 Bond, with the variation in such amount occurring in any maturity or all maturities, which will be determined by the President of the Corporation at the time of acceptance of the best bid.

It is understood that the Corporation will furnish the final, approving Legal Opinion of Peck, Shaffer & Williams LLP, Bond Counsel.

Completed bid forms may be submitted via facsimile to the offices of the President at Logan County Fiscal Court, 200 West 4th Street, Russellville, Kentucky 42276 (FAX: (270) 726-3117). Neither the County nor the Financial Advisor assumes any responsibility whatsoever with regard to the receipt of bids, or that adequate personnel and/or equipment are available to accept all telephonic transfers of bids before the appointed date and time of sale. Bidders have the sole responsibility of assuring that their bids have been received via facsimile or delivered before the appointed date and time of sale. Any bids in progress by facsimile at the appointed time will be considered as received by the appointed time. No bids will be received via telephone. Bids may be submitted electronically via the **BiDCOMP™/PARITY™ system pursuant to this Notice until the appointed date and time, but no bid will be received after such time.**

*Subject to Permitted Adjustment

PURCHASER'S OPTION -

(1) Bidders may specify to the Corporation that any of the Bonds may be combined with immediately succeeding sequential maturities into a Term Bond or Term Bonds, bearing a single rate of interest, with the maturities set forth above (or as may be adjusted as provided herein) comprising mandatory sinking fund redemption amounts for such Term Bond(s).

(2) If the successful bidder desires to obtain insurance guaranteeing the payment of the principal and/or interest on the Bonds, the Corporation agrees that it will cooperate with the successful bidder in obtaining such insurance, but all of the expenses and charges in connection therewith shall be borne by such bidder and the Corporation shall not be liable to any extent therefor.

(3) The successful bidder may likewise elect to notify the Financial Advisor within twenty-four (24) hours of the award that standard bond certificates be issued. If no such election is made the Bonds will be delivered utilizing the BOOK-ENTRY-ONLY-SYSTEM administered by The Depository Trust Company.

Notice is hereby given that electronic proposals will be received via the [BiDCOMP™/PARITY™](#) system, in the manner described below, until 11:00 A.M. (E.T.), on March 4, 2010. Bids may be submitted electronically via the [BiDCOMP™/PARITY™](#) system pursuant to this Notice until 11:00 A.M. (E.T.), but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in the [BiDCOMP™/PARITY™](#) system conflict with this Notice, the terms of this Notice shall control. For further information about the [BiDCOMP™/PARITY™](#) system, potential bidders may contact the [BiDCOMP™/PARITY™](#) system at 212-404-8102.

No certified or bank cashier's check will be required to accompany a bid, but the successful bidder shall be required to wire transfer to the Trustee, an amount equal to 2% of the principal amount of Bonds awarded by the close of business on the date following the award. Said good faith amount will be applied (without interest) to the purchase price on delivery. Wire transfer procedures should be arranged through First Kentucky Securities Corporation at 502-875-4611.

Respectfully submitted,

Bidder

Address

Telephone Number

By: _____
Signature

The foregoing is our purchase offer, and we submit our own computations thereof only for your information and convenience:

- (a) Total interest cost from date of delivery
(estimated to be March 18, 2010) to final maturity \$ _____
- (b) Plus discount or less premium, if any \$ _____

- (c) Net interest cost (total interest cost plus discount) \$ _____
- (d) Net interest rate or cost _____%

Accepted on March 4, 2010, by the President of the Logan County Public Properties Corporation having the adjusted maturities, as follows:

<u>Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>
2010	_____	2018	_____
2011	_____	2019	_____
2012	_____	2020	_____
2013	_____	2021	_____
2014	_____	2022	_____
2015	_____	2023	_____
2016	_____	2024	_____
2017	_____		

President
Logan County Public Properties Corporation