



CITY OF LOGAN, OHIO

Hocking County

Regular Audit

For the Year Ended December 31, 2001

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS





STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Members of Council
City of Logan
10 South Mulberry Street
Logan, Ohio 43138

We have reviewed the Independent Auditor's Report of the City of Logan, Hocking County, prepared by J. L. Uhrig & Associates, Inc., for the audit period January 1, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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JIM PETRO
Auditor of State

July 5, 2002

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Independent Auditor's Report

Members of Council
City of Logan
10 South Mulberry Street
Logan, Ohio 43138

We have audited the accompanying financial statements of the City of Logan, Ohio (the City) as of and for the year ended December 31, 2001. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of December 31, 2001, and the results of its operations and cash flows of its proprietary fund types and similar trust fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 17, 2002 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

J. L. Uhrig & Associates, Inc.

J. L. UHRIG & ASSOCIATES, INC.

June 17, 2002

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City of Logan, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups
 December 31, 2001

	Governmental Fund Types			Proprietary
	General	Special Revenue	Capital Projects	Enterprise
<u>Assets and Other Debit:</u>				
<u>Assets:</u>				
Cash and Cash Equivalents	\$907,097	\$429,424	\$608,056	\$531,132
Cash and Cash Equivalents in Segregated Account	0	0	0	0
Investments	0	0	0	0
<u>Receivables:</u>				
Property Taxes	152,735	128,471	0	0
Income Taxes	402,081	0	100,508	0
Intergovernmental	201,160	171,032	182,882	3,861
Accounts	0	0	0	289,332
Accrued Interest	23,814	108	0	0
Loans	0	149,245	0	0
Prepaid Items	991	96	0	306
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	9,529,388
 <u>Other Debit:</u>				
Amount to be Provided from General Government Resources	0	0	0	0
 Total Assets and Other Debit	 \$1,687,878	 \$878,376	 \$891,446	 \$10,354,019

See accompanying notes to the general purpose financial statements

Fund Types	Fiduciary	Account Groups		Totals (Memorandum Only)
	Fund Types	General	General	
Internal Service	Trust And Agency	Fixed Assets	Long-Term Obligations	
\$339	\$18,983	\$0	\$0	\$2,495,031
0	28,622	0	0	28,622
0	65,034	0	0	65,034
0	0	0	0	281,206
0	0	0	0	502,589
0	0	0	0	558,935
0	0	0	0	289,332
0	1,951	0	0	25,873
0	0	0	0	149,245
0	0	0	0	1,393
0	0	7,485,084	0	17,014,472
0	0	0	472,334	472,334
<u>\$339</u>	<u>\$114,590</u>	<u>\$7,485,084</u>	<u>\$472,334</u>	<u>\$21,884,066</u>

(Continued)

City of Logan, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups (Continued)
 December 31, 2001

	Governmental Fund Types			Proprietary
	General	Special Revenue	Capital Projects	Enterprise
<u>Liabilities, Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$53,623	\$2,683	\$652	\$23,496
Contracts Payable	2,716	0	134,548	0
Retainage Payable	0	0	8,315	0
Accrued Salaries Payable	40,569	5,537	0	15,519
Accrued Interest Payable	0	0	0	138,383
Intergovernmental Payable	39,448	45	0	20,073
Deferred Revenue	476,712	247,027	104,048	0
Compensated Absences Payable	11,705	2,184	0	76,040
State Infrastructure Bank Loan	0	0	0	0
General Obligation Bonds Payable	0	0	0	1,200,000
Due to Others	0	0	0	0
OWDA Loans Payable	0	0	0	2,236,468
Mortgage Revenue Bonds Payable	0	0	0	1,507,500
	<u>624,773</u>	<u>257,476</u>	<u>247,563</u>	<u>5,217,479</u>
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	133,444
Retained Earnings:				
Unreserved	0	0	0	5,003,096
Fund Balances:				
Reserved for Encumbrances	159	30	0	0
Reserved for Unclaimed Monies	465	0	0	0
Reserved for Loans	0	149,245	0	0
Reserved for Endowments	0	0	0	0
Unreserved	1,062,481	471,625	643,883	0
	<u>1,063,105</u>	<u>620,900</u>	<u>643,883</u>	<u>5,136,540</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$1,687,878</u>	<u>\$878,376</u>	<u>\$891,446</u>	<u>\$10,354,019</u>

See accompanying notes to the general purpose financial statements

Fund Types	Fiduciary Fund Types		Account Groups		Totals (Memorandum Only)
	Trust And Agency	General Fixed Assets	General Long-Term Obligations		
Internal Service	\$0	\$0	\$0	\$0	\$80,454
	0	0	0	0	137,264
	0	0	0	0	8,315
	0	0	0	0	61,625
	0	0	0	0	138,383
	0	0	0	80,290	139,856
	0	0	0	0	827,787
	0	0	0	168,567	258,496
	0	0	0	184,677	184,677
	0	0	0	38,800	1,238,800
	0	28,622	0	0	28,622
	0	0	0	0	2,236,468
	0	0	0	0	1,507,500
	<u>0</u>	<u>28,622</u>	<u>0</u>	<u>472,334</u>	<u>6,848,247</u>
	0	0	7,485,084	0	7,485,084
	0	0	0	0	133,444
	339	0	0	0	5,003,435
	0	0	0	0	189
	0	0	0	0	465
	0	0	0	0	149,245
	0	65,034	0	0	65,034
	0	20,934	0	0	2,198,923
	<u>339</u>	<u>85,968</u>	<u>7,485,084</u>	<u>0</u>	<u>15,035,819</u>
	<u>\$339</u>	<u>\$114,590</u>	<u>\$7,485,084</u>	<u>\$472,334</u>	<u>\$21,884,066</u>

City of Logan, Ohio
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances
 All Governmental Fund Types and Similar Trust Fund
 For the Year Ended December 31, 2001

	General	Governmental Special Revenue
<u>Revenues:</u>		
Property Taxes	\$138,381	\$122,999
Municipal Income Taxes	1,551,333	0
Intergovernmental	476,476	480,523
Charges for Services	166,684	26,731
Fines, Licenses, and Permits	65,206	2,436
Interest	78,537	7,735
Donations	4,000	0
Other	65,265	0
Total Revenues	2,545,882	640,424
<u>Expenditures:</u>		
Current:		
Security of Persons and Property	1,438,993	268,604
Public Health Services	229,240	0
Basic Utility Services	7,195	0
Leisure Time Activities	143,365	0
Community Environment	14,172	3,663
Transportation	340,199	363,462
General Government	557,100	0
Other	4,556	0
Capital Outlay	0	0
Debt Service:		
Principal Retirement	0	0
Interest and Fiscal Charges	0	0
Total Expenditures	2,734,820	635,729
Excess of Revenues Over (Under) Expenditures	(188,938)	4,695
<u>Other Financing Sources (Uses):</u>		
Proceeds of Loans	0	0
Operating Transfers - In	0	3,500
Operating Transfers - Out	(3,500)	0
Total Other Financing Sources (Uses)	(3,500)	3,500
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(192,438)	8,195
Fund Balances at Beginning of Year - As Restated	1,255,543	612,705
Fund Balances at End of Year	\$1,063,105	\$620,900

See accompanying notes to the general purpose financial statements

Fund Types		Totals
Capital Projects	Debt Service	(Memorandum Only)
\$0	\$0	\$261,380
387,833	0	1,939,166
1,177,105	0	2,134,104
21,600	0	215,015
1,876	0	69,518
0	0	86,272
0	0	4,000
8,595	0	73,860
<u>1,597,009</u>	<u>0</u>	<u>4,783,315</u>
0	0	1,707,597
0	0	229,240
0	0	7,195
0	0	143,365
0	0	17,835
0	0	703,661
0	0	557,100
0	0	4,556
1,923,941	0	1,923,941
0	59,636	59,636
0	5,364	5,364
<u>1,923,941</u>	<u>65,000</u>	<u>5,359,490</u>
<u>(326,932)</u>	<u>(65,000)</u>	<u>(576,175)</u>
184,677	0	184,677
0	65,000	68,500
<u>(65,000)</u>	<u>0</u>	<u>(68,500)</u>
<u>119,677</u>	<u>65,000</u>	<u>184,677</u>
(207,255)	0	(391,498)
<u>851,138</u>	<u>0</u>	<u>2,719,386</u>
<u>\$643,883</u>	<u>\$0</u>	<u>\$2,327,888</u>

City of Logan, Ohio
 Combined Statement of Revenues, Expenditures and Changes
 in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types
 For the Year Ended December 31, 2001

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$134,799	\$138,381	\$3,582
Municipal Income Taxes	1,562,366	1,603,873	41,507
Intergovernmental	441,294	453,018	11,724
Charges for Services	160,973	166,719	5,746
Fines, Licenses, and Permits	62,807	64,476	1,669
Interest	70,372	72,242	1,870
Donations	3,896	4,000	104
Revolving Loans	0	0	0
Other	63,493	63,710	217
Total Revenues	2,500,000	2,566,419	66,419
<u>Expenditures:</u>			
Current:			
Security of Persons and Property	1,467,419	1,422,313	45,106
Public Health Services	229,405	228,932	473
Basic Utility Services	15,769	15,411	358
Leisure Time Activities	143,441	142,609	832
Community Environment	14,585	14,218	367
Transportation	343,553	341,257	2,296
General Government	550,337	525,584	24,753
Other	55,162	4,556	50,606
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	2,819,671	2,694,880	124,791
Excess of Revenues Over (Under) Expenditures	(319,671)	(128,461)	191,210
<u>Other Financing Sources (Uses):</u>			
Operating Transfers - In	0	0	0
Operating Transfers - Out	(3,800)	(3,500)	300
Total Other Financing Sources (Uses)	(3,800)	(3,500)	300
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(323,471)	(131,961)	191,510
Fund Balances at Beginning of Year	1,036,010	1,036,010	0
Prior Year Encumbrances Appropriated	1,571	1,571	0
Fund Balances at End of Year	\$714,110	\$905,620	\$191,510

See accompanying notes to the general purpose financial statements

Special Revenue Funds			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$118,914	\$122,999	\$4,085	\$0	\$0	\$0
0	0	0	381,629	400,968	19,339
432,449	463,433	30,984	3,458,400	1,047,690	(2,410,710)
26,386	26,731	345	30,000	21,600	(8,400)
6,000	2,626	(3,374)	1,786	1,876	90
7,515	7,966	451	0	0	0
0	0	0	0	0	0
25,036	14,091	(10,945)	0	0	0
0	0	0	10,000	8,595	(1,405)
<u>616,300</u>	<u>637,846</u>	<u>21,546</u>	<u>3,881,815</u>	<u>1,480,729</u>	<u>(2,401,086)</u>
289,900	269,135	20,765	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
15,000	4,938	10,062	0	0	0
444,167	359,640	84,527	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	4,249,380	1,750,217	2,499,163
0	0	0	0	0	0
0	0	0	0	0	0
<u>749,067</u>	<u>633,713</u>	<u>115,354</u>	<u>4,249,380</u>	<u>1,750,217</u>	<u>2,499,163</u>
<u>(132,767)</u>	<u>4,133</u>	<u>136,900</u>	<u>(367,565)</u>	<u>(269,488)</u>	<u>98,077</u>
3,500	3,500	0	0	0	0
0	0	0	(65,000)	(65,000)	0
<u>3,500</u>	<u>3,500</u>	<u>0</u>	<u>(65,000)</u>	<u>(65,000)</u>	<u>0</u>
(129,267)	7,633	136,900	(432,565)	(334,488)	98,077
420,044	420,044	0	836,992	836,992	0
0	0	0	2,917	2,917	0
<u>\$290,777</u>	<u>\$427,677</u>	<u>\$136,900</u>	<u>\$407,344</u>	<u>\$505,421</u>	<u>\$98,077</u>

(Continued)

City of Logan, Ohio
 Combined Statement of Revenues, Expenditures and Changes
 in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types (Continued)
 For the Year Ended December 31, 2001

	Debt Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$0	\$0	\$0
Municipal Income Taxes	0	0	0
Intergovernmental	0	0	0
Charges for Services	0	0	0
Fines, Licenses, and Permits	0	0	0
Interest	0	0	0
Donations	0	0	0
Revolving Loans	0	0	0
Other	0	0	0
Total Revenues	0	0	0
<u>Expenditures:</u>			
Current:			
Security of Persons and Property	0	0	0
Public Health Services	0	0	0
Basic Utility Services	0	0	0
Leisure Time Activities	0	0	0
Community Environment	0	0	0
Transportation	0	0	0
General Government	0	0	0
Other	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	59,636	59,636	0
Interest and Fiscal Charges	5,364	5,364	0
Total Expenditures	65,000	65,000	0
Excess of Revenues Over (Under) Expenditures	(65,000)	(65,000)	0
<u>Other Financing Sources (Uses):</u>			
Operating Transfers - In	65,000	65,000	0
Operating Transfers - Out	0	0	0
Total Other Financing Sources (Uses)	65,000	65,000	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0
Fund Balances at Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balances at End of Year	\$0	\$0	\$0

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$253,713	\$261,380	\$7,667
1,943,995	2,004,841	60,846
4,332,143	1,964,141	(2,368,002)
217,359	215,050	(2,309)
70,593	68,978	(1,615)
77,887	80,208	2,321
3,896	4,000	104
25,036	14,091	(10,945)
73,493	72,305	(1,188)
<u>6,998,115</u>	<u>4,684,994</u>	<u>(2,313,121)</u>
1,757,319	1,691,448	65,871
229,405	228,932	473
15,769	15,411	358
143,441	142,609	832
29,585	19,156	10,429
787,720	700,897	86,823
550,337	525,584	24,753
55,162	4,556	50,606
4,249,380	1,750,217	2,499,163
59,636	59,636	0
5,364	5,364	0
<u>7,883,118</u>	<u>5,143,810</u>	<u>2,739,308</u>
<u>(885,003)</u>	<u>(458,816)</u>	<u>426,187</u>
68,500	68,500	0
<u>(68,800)</u>	<u>(68,500)</u>	<u>300</u>
<u>(300)</u>	<u>0</u>	<u>300</u>
(885,303)	(458,816)	426,487
2,293,046	2,293,046	0
<u>4,488</u>	<u>4,488</u>	<u>0</u>
<u>\$1,412,231</u>	<u>\$1,838,718</u>	<u>\$426,487</u>

City of Logan, Ohio
 Combined Statement of Revenues,
 Expenses and Changes in Fund Equity
 All Proprietary Fund Types and Similar Trust Fund
 For the Year Ended December 31, 2001

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- Expendable Trust</u>	
<u>Operating Revenues:</u>				
Charges for Services	\$1,947,353	\$128,709	\$0	\$2,076,062
Other	3,728	0	0	3,728
Total Operating Revenues	<u>1,951,081</u>	<u>128,709</u>	<u>0</u>	<u>2,079,790</u>
<u>Operating Expenses:</u>				
Personal Services	717,551	0	0	717,551
Fringe Benefits	167,882	0	0	167,882
Contractual Services	310,455	15,144	0	325,599
Supplies and Materials	238,595	0	0	238,595
Claims	0	57,758	0	57,758
Depreciation	257,922	0	0	257,922
Other	10,626	0	130	10,756
Total Operating Expenses	<u>1,703,031</u>	<u>72,902</u>	<u>130</u>	<u>1,776,063</u>
Operating Income	<u>248,050</u>	<u>55,807</u>	<u>(130)</u>	<u>303,727</u>
<u>Non-Operating Revenue (Expenses):</u>				
Intergovernmental	523	0	0	523
Interest Income	16,030	0	3,594	19,624
Interest and Fiscal Charges	(275,957)	0	0	(275,957)
Total Non-Operating Revenues (Expenses)	<u>(259,404)</u>	<u>0</u>	<u>3,594</u>	<u>(255,810)</u>
Net Income (Loss)	<u>(11,354)</u>	<u>55,807</u>	<u>3,464</u>	<u>47,917</u>
Retained Earnings (Deficit)/Fund Balance at Beginning of Year - As Restated	<u>5,014,450</u>	<u>(55,468)</u>	<u>82,504</u>	<u>5,041,486</u>
Retained Earnings/Fund Balance at End of Year	5,003,096	339	85,968	5,089,403
Contributed Capital at Beginning and End of Year	<u>133,444</u>	<u>0</u>	<u>0</u>	<u>133,444</u>
Total Fund Equity at End of Year	<u>\$5,136,540</u>	<u>\$339</u>	<u>\$85,968</u>	<u>\$5,222,847</u>

See accompanying notes to the general purpose financial statements

City of Logan, Ohio
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity - Budget and Actual (Budget Basis)
 All Proprietary Fund Types and Similar Trust Fund
 For the Year Ended December 31, 2001

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$1,811,259	\$1,815,245	\$3,986
Tap-in Fees	66,067	65,150	(917)
Other	4,674	4,678	4
Proceeds of Bonds	1,200,000	1,200,000	0
Interest Income	0	16,030	16,030
Total Revenues	3,082,000	3,101,103	19,103
<u>Expenses:</u>			
Personal Services	732,624	710,619	22,005
Fringe Benefits	151,854	151,550	304
Contractual Services	350,688	313,313	37,375
Supplies and Materials	207,788	205,933	1,855
Other	10,381	10,126	255
Capital Outlay	1,229,396	1,134,634	94,762
Debt Service:			
Principal Retirement	273,297	273,066	231
Interest and Fiscal Charges	281,233	281,233	0
Total Expenses	3,237,261	3,080,474	156,787
Excess of Revenues Over (Under) Expenses	(155,261)	20,629	175,890
Fund Equity at Beginning of Year	441,823	441,823	0
Prior Year Encumbrances Appropriated	1,711	1,711	0
Fund Equity at End of Year	\$288,273	\$464,163	\$175,890
See accompanying notes to the general purpose financial statements			(Continued)

City of Logan, Ohio
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity - Budget and Actual (Budget Basis)
 All Proprietary Fund Types and Similar Trust Fund (Continued)
 For the Year Ended December 31, 2001

	Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$134,000	\$128,709	(\$5,291)
Tap-in Fees	0	0	0
Other	0	0	0
Other	0	0	0
Interest	0	0	0
	<u>134,000</u>	<u>128,709</u>	<u>(5,291)</u>
 Total Revenues	 <u>134,000</u>	 <u>128,709</u>	 <u>(5,291)</u>
<u>Expenses:</u>			
Personal Services	0	0	0
Fringe Benefits	0	0	0
Contractual Services	134,000	128,370	5,630
Supplies and Materials	0	0	0
Other	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
	<u>134,000</u>	<u>128,370</u>	<u>5,630</u>
 Total Expenses	 <u>134,000</u>	 <u>128,370</u>	 <u>5,630</u>
 Excess of Revenues Over (Under) Expenses	 0	 339	 339
 Fund Equity at Beginning of Year	 0	 0	 0
 Prior Year Encumbrances Appropriated	 0	 0	 0
 Fund Equity at End of Year	 <u>\$0</u>	 <u>\$339</u>	 <u>\$339</u>

See accompanying notes to the general purpose financial statements

Non-Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$1,945,259	\$1,943,954	(\$1,305)
0	0	0	66,067	65,150	(917)
0	0	0	4,674	4,678	4
0	0	0	1,200,000	1,200,000	0
3,300	4,360	1,060	3,300	20,390	17,090
3,300	4,360	1,060	3,219,300	3,234,172	14,872
0	0	0	732,624	710,619	22,005
0	0	0	151,854	151,550	304
0	0	0	484,688	441,683	43,005
0	0	0	207,788	205,933	1,855
3,000	130	2,870	13,381	10,256	3,125
0	0	0	1,229,396	1,134,634	94,762
0	0	0	273,297	273,066	231
0	0	0	281,233	281,233	0
3,000	130	2,870	3,374,261	3,208,974	165,287
300	4,230	3,930	(154,961)	25,198	180,159
79,787	79,787	0	521,610	521,610	0
0	0	0	1,711	1,711	0
<u>\$80,087</u>	<u>\$84,017</u>	<u>\$3,930</u>	<u>\$368,360</u>	<u>\$548,519</u>	<u>\$180,159</u>

City of Logan, Ohio
 Combined Statement of Cash Flows
 All Proprietary Fund Types and Similar Trust Fund
 For the Year Ended December 31, 2001

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- Expendable Trust</u>	
Increase (Decrease) in <u>Cash and Cash Equivalents</u>				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$1,881,485	\$0	\$0	\$1,881,485
Cash Received from Quasi-External Transactions with Other Funds	0	128,709	0	128,709
Cash Payments for Employee Services and Benefits	(862,169)	0	0	(862,169)
Cash Payments to Suppliers for Goods and Services	(517,555)	(14,000)	0	(531,555)
Cash Payments for Claims	0	(114,370)	0	(114,370)
Other Non-Operating Revenues	4,678	0	0	4,678
Other Operating Expenses	(10,126)	0	(130)	(10,256)
Net Cash Provided by Operating Activities	<u>496,313</u>	<u>339</u>	<u>(130)</u>	<u>496,522</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition of Capital Assets	(1,075,634)	0	0	(1,075,634)
Proceeds of Bonds	1,200,000	0	0	1,200,000
Principal Paid on Debt	(273,066)	0	0	(273,066)
Interest Paid on Debt	(281,233)	0	0	(281,233)
Net Cash Used for Capital and Related Financing Activities	<u>(429,933)</u>	<u>0</u>	<u>0</u>	<u>(429,933)</u>
<u>Cash Flows from Investing Activities:</u>				
Interest on Investments	16,030	0	4,360	20,390
Net Increase in Cash and Cash Equivalents	82,410	339	4,230	86,979
Cash and Cash Equivalents Beginning of Year	<u>448,722</u>	<u>0</u>	<u>14,753</u>	<u>463,475</u>
Cash and Cash Equivalents End of Year	<u>\$531,132</u>	<u>\$339</u>	<u>\$18,983</u>	<u>\$550,454</u>
See accompanying notes to the general purpose financial statements				(Continued)

City of Logan, Ohio
 Combined Statement of Cash Flows
 All Proprietary Fund Type and Similar Trust Fund (Continued)
 For the Year Ended December 31, 2001

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- Expendable Trust</u>	
Reconciliation of Operating Income to Net <u>Cash Provided by Operating Activities:</u>				
Operating Income (Loss)	\$248,050	\$55,807	(\$130)	\$303,727
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	257,922	0	0	257,922
Changes in Assets and Liabilities:				
Increase in Accounts Receivable	(65,273)	0	0	(65,273)
Decrease in Intergovernmental Receivables	355	0	0	355
Decrease in Material and Supply Inventory	32,558	0	0	32,558
Decrease in Prepaid Items	9,213	1,144	0	10,357
Increase in Accounts Payable	1,421	0	0	1,421
Decrease in Claims Payable	0	(56,612)	0	(56,612)
Decrease in Contracts Payable	(1,935)	0	0	(1,935)
Increase in Accrued Salaries Payable	3,372	0	0	3,372
Increase in Intergovernmental Payables	6,976	0	0	6,976
Increase in Compensated Absences Payable	3,654	0	0	3,654
Net Cash Provided by Operating Activities	<u>\$496,313</u>	<u>\$339</u>	<u>(\$130)</u>	<u>\$496,522</u>
Cash and Cash Equivalents - All Fiduciary Funds		\$47,605		
Cash and Cash Equivalents - Agency Fund		<u>28,622</u>		
Cash and Cash Equivalents - Non-Expendable Trust Fund		<u>\$18,983</u>		

See accompanying notes to the general purpose financial statements

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

The City of Logan (the City) is a municipal corporation operating under the laws of the State of Ohio. In 1838, Logan was incorporated as a village. Logan was declared a city in the late 1800's.

The municipal government is known as a mayor-council form of government. Legislative power is vested in an eight-member council, each member elected to a two year term. The Mayor and the City Auditor are elected by the citizens of Logan for four year terms. The Mayor is the chief executive officer and the head of the administrative agencies of the City. He appoints all department heads. The City Auditor is responsible to the Mayor for the proper administration of all financial affairs of the City.

A. Reporting Entity

The financial reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the City are not misleading.

The primary government consists of all funds and departments that are not legally separate from the City. Services provided by the primary government include police and fire protection, street maintenance and repairs, community and economic development, parks and recreation, and water and sewer services. A staff provides support (i.e., payroll processing, accounts payable, revenue collection) to the service providers. The operation and control of these activities are provided by the City Council through the budgetary process and by the City Auditor through administrative and managerial requirements and procedures.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes for the organization. No potential component units met these criteria.

The following potential component units have been excluded from the City's financial statements because the City is not financially accountable for them nor are the entities fiscally dependent on the City:

Logan-Hocking Local School District
Logan-Hocking County District Library

The City is associated with certain organizations which are defined as jointly governed organizations and an insurance purchasing pool. These organizations are presented in Notes 18 to the General Purpose Financial Statements. The organizations are:

Hocking Metropolitan Housing Authority
Hocking County Council on Aging, Incorporated
Hocking County Regional Planning Commission
Buckeye Hills-Hocking Valley Regional Development District

B. Basis of Presentation - Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and the non-expendable trust funds) are accounted for through governmental funds. The following are the City's governmental fund types.

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

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditure for specific purposes.

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

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Proprietary Fund Types:

The proprietary funds are used to account for the City's ongoing activities that are similar to those found in the private sector. The following are the City's proprietary fund types:

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be recovered or financed primarily through user charges or where it has been decided that a periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Fund - This fund is used to account for operations that are financed on a cost-reimbursement basis for goods or services provided by one department to other departments within the City.

Fiduciary Fund Types:

Fiduciary funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The following are the City's fiduciary fund types:

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

Non-Expendable Trust Funds - These funds are accounted for in essentially the same manner as proprietary funds; the principal of the trust must be preserved.

Agency Fund - This fund is purely custodial (assets equal liabilities) and thus does not involve measurement of results of operations.

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - to account for all general fixed assets of the City other than those accounted for in proprietary funds.

General Long-Term Obligations Account Group - to account for all unmatured general long-term indebtedness of the City that is not a specific liability of the proprietary funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. The City applies Financial Accounting Standards Board statements and interpretations issued on or before November 30, 1989, to proprietary activities provided they do not conflict with Governmental Accounting Standards Board statements and interpretations.

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

A. Measurement Focus and Basis of Accounting

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

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

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental funds and the agency fund. The full accrual basis of accounting is followed for the proprietary funds and the non-expendable trust funds.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized. If available, revenue from income taxes is recognized in the period in which the income is earned; revenue from property taxes is recognized in the year for which the taxes are levied; (See Note 7) and revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from a non-exchange transaction must be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, state-levied locally shared taxes, interest, grants, fees, and rentals.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2001, but which were levied to finance year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

B. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than the agency fund, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level (personal services and other expenditures) within each fund, program, and department. Budgetary modifications may only be made by resolution of the City Council.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax Budget

A tax budget of estimated revenues and expenditures for all budgeted funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenues of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if revenues are estimated to be greater or less than amounts previously certified. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2001.

Appropriations

A temporary appropriations measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The annual appropriations ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriations ordinance fixes spending authority at the fund, department, and object level. The appropriations ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year only by an ordinance of Council. During the year several supplemental appropriation measures were passed. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations

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

C. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the combined balance sheet.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

During 2001, investments were limited to STAR Ohio, repurchase agreements, and nonnegotiable certificates of deposit. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2001.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest is credited to the General Fund, the Street Construction, the State Highway, and the Economic Development Special Revenue Funds, and the Cemetery Endowment Non-Expendable Trust Fund. Interest revenue credited to the General Fund during 2001 amounted to \$78,537, which includes \$50,547 assigned from other City funds.

The City has a segregated bank account for monies held separate from the City's central bank account. This bank account is presented in the combined balance sheet as "Cash and Cash Equivalents in Segregated Account" since it is not required to be deposited into the City treasury.

For purposes of the combined statement of cash flows and for presentation of the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

D. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2001, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

E. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fund fixed assets (assets used to provide services accounted for in proprietary funds) are capitalized in the fund that uses them.

All purchased fixed assets are valued at cost when historical records are available and at estimated historical cost when no historical records exist. For certain assets estimates were calculated by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are valued at their estimated fair market value on the date received. Assets valued at \$500 or more are capitalized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs, gutters, sidewalks, and drainage systems are not capitalized, as these assets are immovable and of value only to the City.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets in the general fixed assets account group are not depreciated. Depreciation in the proprietary fund type is computed using the straight-line method over the following useful lives:

Buildings and Improvements	20-50 years
Furniture, Fixtures, and Equipment	6-15 years
Vehicles	5 years
Infrastructure	40 years

F. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than six months of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees with seventeen or more years of service.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

G. Long-Term Debt Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless whether they will be liquidated with current resources. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than thirty-one days after year end are generally considered not to have been paid with current available financial resources. Bonds, pension obligations, and long-term loans are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

H. Contributed Capital

Prior to 2001, contributed capital represented resources from other funds, other governments, and private sources provided to enterprise funds that is not subject to repayment. Because the City had not prepared financial statements in accordance with Generally Accepted Accounting Principles prior to 1994, the exact amount of contributed capital pertaining to prior years cannot be determined. Consequently, only those amounts that have been able to be identified specifically have been classified as contributed capital in the accompanying combined financial statements.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital contributions received after 2000 are recorded as revenues and are reported as increases in retained earnings based in guidelines established by GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions". No capital contributions were received in 2001.

I. Capitalization of Interest

The City's policy is to capitalize net interest on proprietary fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax exempt borrowing used to finance the project and the interest earned from temporary investments of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2001, interest costs incurred on construction projects in proprietary funds were not material.

J. Reservations of Fund Equity

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure or the portion of fund balance that is legally segregated for a specific future use. Fund balances have been reserved for encumbrances, revolving loans, unclaimed monies, and endowments. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years.

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

L. Total Columns on General Purpose Financial Statements

Total columns on the General Purpose Financial Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENTS

For 2001, the City has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues." GASB Statements No. 33 and 36 establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or modified accrual basis of accounting is required. For revenue recognition to occur on the modified accrual basis, however, the criteria established for accrual basis revenue recognition must be met and the revenue must be available. The provisions of Statement No. 33 also require that capital contributions to proprietary funds be recognized as revenue beginning in 2001.

Previously, the City reported Cemetery Trust and Cemetery Perpetual Care Funds as Expendable Trust Funds. These funds were used to report the activity of the cemetery endowment and should be shown as Non-Expendable Trust Funds. An adjustment has been made to reclassify these funds.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENTS (continued)

The changes in accounting principles had the following effect on fund balance at December 31, 2000:

	Special Revenue	Expendable Trust	Non- Expendable Trust
Fund Balances, December 31, 2000	\$622,845	\$17,470	\$65,034
GASB 33 and 36 Application to Intergovernmental Receivables	(10,140)	0	0
Reclassification of Funds	0	(17,470)	17,470
Fund Balances, January 1, 2001	<u>\$612,705</u>	<u>\$0</u>	<u>\$82,504</u>

NOTE 4 – FUND DEFICIT

At December 31, 2001, the Industrial Park Capital Improvements Fund had a deficit fund balance of \$46,050. The deficit resulted from the recognition of payables in accordance with Generally Accepted Accounting Principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law accounts for transactions on a basis of cash receipts, disbursements, and encumbrances.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis), All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis), All Proprietary Fund Types and Similar Trust Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types or note disclosure for proprietary fund types (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. Revenues received by year end and not posted to cash (budget basis) are recorded as revenue (GAAP basis).

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types

	General	Special Revenue	Capital Projects
GAAP Basis	(\$192,438)	\$8,195	(\$207,255)
Revenue Accruals	20,220	(21,769)	(123,780)
Expenditure Accruals	65,655	2,115	268,859
Unreported Cash	317	5,099	7,500
Revolving Loans	0	14,091	0
Proceeds of Loans	0	0	(184,677)
Prepaid Items	(24,555)	0	0
Encumbrances	(1,160)	(98)	(95,135)
Budget Basis	(\$131,961)	\$7,633	(\$334,488)

Net Income (Loss)/Excess of
Revenues Over Expenses
All Proprietary Fund Types and Similar Trust Fund

	Enterprise	Internal Service	Non- Expendable Trust
GAAP Basis	(\$11,354)	\$55,807	\$3,464
Revenue Accruals	1,132,379	0	766
Expense Accruals	64,472	(55,468)	0
Prepaid Items	(9,213)	0	0
Capital Outlay	(1,075,634)	0	0
Unreported Cash	1,090	0	0
Principal Retirement	(273,066)	0	0
Interest and Fiscal Charges	(5,276)	0	0
Depreciation Expense	257,922	0	0
Encumbrances	(60,691)	0	0
Budget Basis	\$20,629	\$339	\$4,230

NOTE 6 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Inactive deposits are public deposits that Council has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts.

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

Interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United State Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is not default of principal, interest or coupons; and,
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

CITY OF LOGAN, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits At year end, the carrying amount of the City's deposits was \$882,149 and the bank balance was \$984,425. Of the bank balance:

1. \$233,051 was covered by federal depository insurance; and
2. \$751,374 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments The City's investments are required to be categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. Investments in STAR Ohio, mutual funds, and money market accounts are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Amount	Fair Value
Repurchase Agreement	\$775,000	\$775,000	\$775,015
STAR Ohio	0	915,795	915,795
	\$775,000	\$1,690,795	\$1,690,810

The classification of "Cash and Cash Equivalents" and "Investments" on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$2,523,653	\$65,034
Certificates of Deposit	65,034	(65,034)
Cash on Hand	(15,743)	0
Repurchase Agreement	(775,000)	775,000
STAR Ohio	(915,795)	915,795
GASB Statement 3	\$882,149	\$1,690,795

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property, and tangible personal property located in the City. Property tax revenue received during 2001 for real and public utility property taxes represents collections of 2000 taxes. Property tax payments received during 2001 for tangible personal property (other than public utility property) is for 2001 taxes.

2001 taxes collected from real property taxes (other than public utility) are levied after October 1, 2001 on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State Law at 35 percent of appraised market value. 2001 real property taxes are intended to finance 2002. All property is required to be revalued every six years. The last revaluation was completed in 2000. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, state statute permits later payment dates to be established.

2001 taxes collected on tangible personal property (other than public utility) are levied after October 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are 25 percent of true value. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

2001 public utility real and tangible personal property taxes become a lien December 31, 2000, are levied after October 1, 2001, and are collected in 2002 with real property taxes. Public utility tangible personal property currently is at various percentages of true value; public utility real property is assessed at 35 percent of true value.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Logan. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represent real and tangible personal property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2001, and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2001 operations. The receivable is offset by deferred revenue.

The full tax rate for all City operations for the year ended December 31, 2001, was \$3.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2001 property tax receipts were based are as follows:

Real Property	\$77,742,020
Public Utility Real Property	13,150
Public Utility Tangible Personal Property	3,332,650
Tangible Personal Property	<u>16,790,276</u>
Total Assessed Value	<u><u>\$97,878,096</u></u>

NOTE 8 - INCOME TAX

The City levies a municipal income tax of one and one-half percent on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality equal to 50 percent of the amount obtained by multiplying the lower of the tax rate of such other municipality or of the City by the taxable income earned in or attributable to the municipality of employment or business activity.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 8 - INCOME TAX (continued)

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration semi-annually.

Income tax proceeds are to be used for the purposes of general municipal operations, maintenance, new equipment, extension and enlargement of municipal services and facilities, and capital improvements of the City of Logan. In 2001, the General Fund received \$1,551,333 and the Capital Improvements Capital Projects Fund received \$387,833 in income tax revenue.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2001, consisted of taxes, accounts (billings for user charged services including unbilled utility services and outstanding court costs), accrued interest, and intergovernmental receivables arising from entitlements and shared revenues. All receivables are considered fully collectible.

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
<i>General Fund:</i>	
Estate Tax	\$33,187
Local Government	152,892
Homestead and Rollback	8,864
Miscellaneous	6,217
Total General Fund	201,160
<i>Special Revenue Funds:</i>	
Gasoline Tax	72,851
Homestead and Rollback	7,255
Motor Vehicle License Tax	41,090
COPS Grant	37,025
Ohio Department of Transportation Grant	11,706
Miscellaneous	1,105
Total Special Revenue Funds	171,032
<i>Capital Projects Funds:</i>	
Ohio Public Works Commission Grant	51,210
Natureworks Grant	34,245
Economic Development Grant	97,427
Total Capital Projects Funds	182,882
<i>Enterprise Funds:</i>	
Sewer Services	3,861
Total Intergovernmental Receivables	\$558,935

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 10 - FIXED ASSETS

A summary of the enterprise funds' property, plant, and equipment at December 31, 2001, follows:

Asset Category	Water	Sewer	Total
Land and Improvements	\$1,102,650	\$327,443	\$1,430,093
Buildings and Improvements	3,887,886	5,704,098	9,591,984
Infrastructure	706,881	521,562	1,228,443
Furniture, Fixtures, and Equipment	209,201	226,577	435,778
Vehicles	81,948	151,690	233,638
Construction in Progress	0	39,348	39,348
Total	5,988,566	6,970,718	12,959,284
Less: Accumulated Depreciation	(1,492,563)	(1,937,333)	(3,429,896)
Net Fixed Assets	\$4,496,003	\$5,033,385	\$9,529,388

A summary of the changes in general fixed assets during 2001 follows:

Asset Category	Balance at 12/31/00	Additions	Deletions	Balance at 12/31/01
Land and Improvements	\$2,115,909	\$41,242	\$0	\$2,157,151
Buildings and Improvements	1,195,700	42,745	0	1,238,445
Furniture, Fixtures, and Equipment	2,124,111	54,040	0	2,178,151
Vehicles	1,231,990	290,224	0	1,522,214
Construction in Progress	212,823	200,963	24,663	389,123
Totals	\$6,880,533	\$629,214	\$24,663	\$7,485,084

NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2001, the City contracted with Wichert Insurance Services, Incorporated for all of the following insurances:

Property	Deductible	Limits of Coverage
Building and Contents	\$500	\$15,722,693
Boiler and Machinery	1,000	4,000,000
Employee Dishonesty	0	50,000
Crime Insurance	0	10,000
Automobile Liability	500	1,000,000
Uninsured Motorist	0	1,000,000
General Liability Per Occurrence	0	1,000,000
General Liability Aggregate Limit	0	2,000,000
Employee Benefits Liability	1,000	1,000,000
Employer's Liability Stop-Gap	0	1,000,000
Law Enforcement Liability	2,500	1,000,000
Public Officials Liability	2,500	1,000,000
Umbrella Coverage	0	1,000,000

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

CITY OF LOGAN, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 11 - RISK MANAGEMENT (continued)

For 2001, the City participated in the Ohio Municipal League of Ohio Worker's Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to achieve lower worker's compensation rates while establishing safer working conditions and environments for the participants. The worker's compensation experience of the participating Cities is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its worker's compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its information. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to Cities that can meet the Plan's selection criteria. The firm of Gates McDonald provides administrative, cost control, and actuarial services to the Plan. Each year, the City pays an enrollment fee to the Plan to cover the costs of administering the program.

The City may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Worker's Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any participant leaving the Plan allows the representative of the Plan to access less experience for three years following the last year of participation.

Prior to January 2001, medical insurance was offered to employees through a self-insurance internal service fund. There was no claims liability at December 31, 2001, based upon an estimate provided by the third party administrator, Professional Risk Management. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for 2000 and 2001 are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2000	\$16,752	\$493,811	\$453,951	\$56,612
2001	56,612	57,758	114,370	0

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2001 employer pension contribution rate for the City was 9.25 percent of covered payroll, increased from 6.54 percent in 2000. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2001, 2000, and 1999 were \$148,512, \$94,560, and \$125,436, respectively. The full amount has been contributed for 2000 and 1999. 77 percent has been contributed for 2001 with the remainder being reported as a liability in the respective funds or in the General Long-Term Obligations Account Group.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 12 - DEFINED BENEFIT PENSION PLANS (continued)

B. Police and Firemen's Disability and Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer public employee retirement system administered by the OP&F's Board of Trustees. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215 - 5164.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 12 percent for police and 16.5 percent for firefighters. For 2000, the City contributions were 12.25 percent for police and 16.75 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$64,149 and \$54,002 for the year ended December 31, 2001, \$61,089 and \$54,971 for the year ended December 31, 2000, and \$60,553 and \$50,941 for the year ended December 31, 1999. The full amount has been contributed for 2000 and 1999. For both police and fire 73 percent has been contributed for 2001, with the remainder being reported in the General Long-Term Obligations Account Group.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System (PERS)

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2001 employer contribution rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2001. For 2000, the contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2000, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 411,076. The City's actual contributions for 2001 which were used to fund postemployment benefits were \$69,038. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2000, (the latest information available) were \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$14,364.6 million and \$2,628.7 million, respectively.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 13 - POSTEMPLOYMENT BENEFITS (continued)

B. Police and Firemen's Disability and Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.5 percent of covered payroll was applied to the postemployment health care program during 2001. For 2000 the percent used to fund healthcare was 7.25 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2001 that were used to fund postemployment benefits were \$40,093 for police and \$24,547 for fire. The OP&F's total health care expense for the year ended December 31, 2000, (the latest information available) was \$106,160,054, which was net of member contributions of \$5,657,431. The number of OP&F participants eligible to receive health care benefits as of December 31, 2000, was 12,853 for police and 10,037 for firefighters.

NOTE 14 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

City employees earn vacation leave at varying rates depending on length of service. A maximum number of vacation hours may be accumulated based on length of service. Any unused vacation exceeding the maximum allowance is eliminated from the employee's leave balance. Accumulated, unused vacation leave is paid upon separation if the employee has six months of service with the City.

City employees, other than fire department employees, earn sick leave at the rate of four and six tenths hours per eighty hours of service. Fire department employees earn sick leave at the rate of six and four tenths hours per eighty hours of service. Sick leave is cumulative without limit. In the case of death or retirement of an employee, the employee or his estate is paid for one-fourth of his accumulated sick leave up to a maximum of four hundred and eighty hours.

B. Insurance

In 2001, the City contracted with Renaissance Health Plan to provide all employees with \$25,000 each in life insurance and accidental death insurance, except for the fire department employees which receive \$15,000 each in insurance.

In 2001, the City contracted with Renaissance Health Plan to provide employees with medical health insurance. Monthly premiums for a family plan is \$572, with employees paying between \$14 and \$22 of that amount. Single plan coverage premium is \$208 a month and is paid entirely by the City.

The fire department single employees receive dental insurance coverage for a monthly premium of \$31.81 through The Guardian insurance company, which is paid by the City. The single employees of the fire department also receive vision coverage for a monthly premium of \$6.71 paid by the City through the Vision Service Plan.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 15 - CONTRACTUAL COMMITMENTS

As of December 31, 2001, the City had a contractual purchase commitment for three projects. The amount of the projects are as follows:

Project	Fund	Contract Amount	Amount Expended	Balance at 12/31/01
Industrial Park	Industrial Park Capital Projects Fund	\$1,970,119	\$336,181	\$1,633,938
Cemetery Building	Capital Improvements Capital Projects Fund	52,942	52,942	0
Zanesville Avenue Sewer Improvements	Water Enterprise Fund	39,348	39,348	0
Total		<u>\$2,062,409</u>	<u>\$428,471</u>	<u>\$1,633,938</u>

NOTE 16 - LONG-TERM OBLIGATIONS

Changes in long-term obligations of the City for the year ended December 31, 2001, were as follows:

	Principal Outstanding 12/31/00	Additions	Deductions	Principal Outstanding 12/31/01
Enterprise Funds' Obligations:				
Water System Mortgage Revenue Bond - 5.00%	\$1,588,600	\$0	\$81,100	\$1,507,500
OWDA Sewer Improvement Loan - 8.31%	2,428,434	0	191,966	2,236,468
Water System GO Bonds - 4.50%	0	1,200,000	0	1,200,000
Total Enterprise Funds' Long-Term Liabilities	<u>4,017,034</u>	<u>1,200,000</u>	<u>273,066</u>	<u>4,943,968</u>
General Long-Term Obligations:				
State Infrastructure Bank Loan - 3.00%	0	184,677	0	184,677
Police Station GO Bonds - 5.40%	98,436	0	59,636	38,800
Pension Obligations	76,056	80,290	76,056	80,290
Compensated Absences	147,087	110,012	88,532	168,567
Total General Long-Term Obligations	<u>321,579</u>	<u>374,979</u>	<u>224,224</u>	<u>472,334</u>
Total Long-Term Obligations	<u>\$4,338,613</u>	<u>\$1,574,979</u>	<u>\$497,290</u>	<u>\$5,416,302</u>

As of December 31, 2001, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$10,053,723.

Annual debt service requirements to maturity for the City's general obligation bonds, including interest in the amount of \$2,095, are:

Year Ended December 31,	General Obligation Bonds
2002	<u>\$40,895</u>

The police station general obligation bond represents amounts issued for the purpose of constructing, furnishing, and equipping the City's police station. The bonds will be paid from income tax revenues through the Debt Service Fund.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

Annual debt service requirements to maturity for the City's OWDA Loan, including interest in the amount of \$913,047, are:

Year Ended December 31,	OWDA Loan
2002	\$393,769
2003	393,769
2004	393,769
2005	393,769
2006	393,769
2007-2009	1,180,670
	\$3,149,515

The loan represents amounts borrowed from the Ohio Water Development Authority for the construction of the wastewater treatment plant. The loan will be paid from Sewer Enterprise Fund revenue.

Annual debt service requirements to maturity for the City's mortgage revenue bonds, including interest in the amount of \$578,765, are:

Year Ended December 31,	Mortgage Revenue Bonds
2002	\$160,475
2003	160,420
2004	160,555
2005	160,460
2006	160,535
2007-2011	802,305
2012-2014	481,515
	\$2,086,265

The mortgage revenue bonds represent amounts borrowed from the Farmer's Home Administration for the purpose of improving the water system. The bonds will be paid from Water Enterprise Fund revenue.

Annual debt service requirements for the Water System General Obligation Bonds, including interest in the amount of \$326,626, are:

Year Ended December 31,	General Obligation Bonds
2002	\$54,000
2003	163,625
2004	163,625
2005	163,625
2006	163,625
2007-2011	818,126
	\$1,526,626

The water system general obligation bond represents amounts issued for the purpose of improving and extending the existing water system. The bonds will be paid from property tax revenues through the Water Capital Improvements Enterprise Fund.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

Annual debt service requirements for the State Infrastructure Bank Loan, including interest in the amount of \$21,688, are:

Year Ended December 31,	State Infrastructure Bank Loan
2002	\$0
2003	38,914
2004	66,862
2005	67,019
2006	33,570
	\$206,365

The State Infrastructure Bank Loan represents amounts issued for the purpose of improving Hunter Street. The loan will be paid from income tax revenues through the Debt Service Fund.

The City will pay the pension obligation and compensated absences from the fund that employees' salaries are paid.

NOTE 17 - SEGMENT INFORMATION

The City's enterprise funds account for the provision of sewer and water services. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the City of Logan as of and for the year ended December 31, 2001:

	Water	Sewer	Total
Operating Revenues	\$1,025,755	\$925,326	\$1,951,081
Depreciation	115,843	142,079	257,922
Operating Income (Loss)	(75,405)	323,455	248,050
Net Non-Operating Revenues (Expenses)	(65,534)	(193,870)	(259,404)
Net Income (Loss)	(140,939)	129,585	(11,354)
Additions to Fixed Assets	1,000,034	75,600	1,075,634
Net Working Capital	147,048	111,054	258,102
Total Assets	4,867,570	5,486,449	10,354,019
Long-Term Obligations to be Paid from			
Fund Revenues	2,622,400	2,028,550	4,650,950
Total Equity	2,020,651	3,115,889	5,136,540
Encumbrances Outstanding at			
December 31, 2001	500	60,191	60,691

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS

A. Hocking Metropolitan Housing Authority

The Hocking Metropolitan Housing Authority is an organization established to provide adequate public housing for low income individuals and was created pursuant to State statutes. The Authority is operated by a five member board. Two members are appointed by the Mayor of the City of Logan, one member is appointed by the probate court judge, one member is appointed by the common pleas court judge, and one member is appointed by Hocking County Commissioners. The Authority receives funding from the Federal Department of Housing and Urban Development. The board sets its own budget and selects its own management, and the City is not involved in the management or operation. The City is not financially accountable for the Authority.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS (continued)

B. Hocking County Council on Aging, Incorporated

The Hocking County Council on Aging is a non-profit organization that has an objective of assisting elderly citizens with needs, problems, and opportunities. The Council is governed by a sixteen member board of directors. Board members include representatives from the Hocking County Commissioners, local government units, and agencies including the City of Logan and local organizations. One-third of the members are elderly residents. The board has total control over budgeting, personnel, and all other financial matters. The continued existence of the Council is not dependent on the City's continued participation and no equity interest exists. The Council has no outstanding debt.

C. Hocking County Regional Planning Commission

The City participates in the Hocking County Regional Planning Commission, which is a statutorily created political subdivision of the State. The Commission is governed by a nine member board composed of the Mayor of the City of Logan, the three Hocking County Commissioners, the County Engineer, the County Sanitarian, and three individuals from the public sector. Each member's control over the operation of the Commission is limited to its representation of the board. The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of Hocking County. In 2001, the City did not contribute any money to the Commission. Continued existence is not dependent on the City's continued participation, no equity interest exists, and no debt is outstanding.

D. Buckeye Hills-Hocking Valley Regional Development District

The Buckeye Hills-Hocking Valley Regional Development District serves Hocking, Athens, Meigs, Monroe, Washington, Morgan, Noble, and Perry Counties. The District was created to foster a cooperative effort in regional planning, programming, and implementing plans and programs. The District is governed by a general policy council which is composed of the mayor of each city and county seat and one county commissioner from each county maintaining membership which is 2/3 of the council and the remaining 1/3 shall be composed of private citizens. The Mayor of Logan serves on this council. The council approves the budget, memberships, by-laws, plans, policy statements, service programs, and actions of the executive committee. The fifteen member executive committee is composed of one County Commissioner from each County, one member from the City of Athens, one member from the City of Marietta, four at large members appointed from the ten government members, and one member from the minority sector. The committee's duties include recommending the budget, by-law amendments, plans, policy statements, and service programs to the council. The committee acts on behalf of the council between council sessions.

The District administers County Community Development Block Grant and Issue II monies. The continued existence of the District is not dependent on the City's continued participation and no equity interest exists.

NOTE 19 - CONTINGENT LIABILITIES

A. Litigation

As of December 31, 2001, the City had one lawsuit pending. The City is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 19 - CONTINGENT LIABILITIES (continued)

B. Federal and State Grants

For the period January 1, 2001, to December 31, 2001, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

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

Members of Council
City of Logan
10 South Mulberry Street
Logan, Ohio 43138

We have audited the financial statements of the City of Logan, Ohio (the City), as of and for the year ended December 31, 2001 and have issued our report thereon dated June 17, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-001 and 2001-002. We have also noted a certain immaterial instance of noncompliance that we have reported to the management of the City in a separate letter dated June 17, 2002.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated June 17, 2002.

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

J. L. Uhrig & Associates, I nc.

J. L. UHRIG & ASSOCIATES, INC.

June 17, 2002

CITY OF LOGAN, OHIO
Schedule of Findings
For the Year Ended December 31, 2001

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

Finding Number 2001-001

Section 5705.36 of the Ohio Revised Code, in summary, states that each subdivision is allowed to request increased or decreased amended certificates of estimated resources upon determination of the fiscal officer that revenue collected will be greater or less than the amount in the official certificate of estimated resources.

The City had several funds that had estimated resources that were less than the actual amounts received during the year. This has led to the City appropriating more than is actually available to spend in these same funds.

We recommend that the City closely monitor the receipts of each fund and when it is determined that receipts will fall short of estimates, that a request for amended certificate be filed and an amendment to the appropriations be made, if needed, to prevent any fund from being overspent.

Finding Number 2001-002

Section 5705.41(D) of the Ohio Revised Code, in summary, states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. An exception to the requirements of this section permits the issuance of a Then and Now Certificate if the fiscal officer can certify that both at the time the contract or order was made and at the time that the certification is completed, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance. Certification is required before the City can authorize payment of the obligation. During the year, several items were ordered and the City paid for these items without a properly approved or certified purchase order.

The City had several expenditures that did not have a properly approved and certified purchase order. All purchases of the City should be approved by the Service Director through a detailed purchase order before items are ordered. The purchase order should also be approved by the Auditor to certify that the funds are available before items are ordered. If purchase orders are not obtained before items are ordered, the Auditor should issue a Then and Now Certificate before any payment is made. Payments made without following these guidelines are a violation of the Ohio Revised Code section noted above.

We recommend that the City closely monitor purchases and be sure that either a properly approved purchase order or Then and Now Certificate is filed prior to payment being made.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CITY OF LOGAN
HOCKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 30, 2002**