



CITY OF LOGAN, OHIO

Hocking County

Regular Audit

For the Year Ended December 31, 2003

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS





**Auditor of State
Betty Montgomery**

Members of Council
City of Logan

We have reviewed the Independent Auditor's Report of the City of Logan, Hocking County, prepared by J.L. Uhrig and Associates, Inc. for the audit period January 1, 2003 through December 31, 2003. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 28, 2004

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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, 2003. 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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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, 2003, and the results of its operations and cash flows of its proprietary fund types and similar trust funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 25, 2004 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 and Associates, Inc.

J. L. UHRIG & ASSOCIATES, INC.

August 25, 2004

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City of Logan, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups
 December 31, 2003

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Debt Service
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Cash and Cash Equivalents	\$214,861	\$365,803	\$712,550	\$22,433
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Investments	0	0	0	0
<u>Receivables:</u>				
Property Taxes	169,149	143,291	0	0
Income Taxes	407,326	0	101,832	0
Payment in Lieu of Taxes	0	0	0	168,793
Intergovernmental	210,365	170,135	50,584	8,788
Accounts	3,396	0	0	0
Accrued Interest	2,972	463	0	0
Loans	0	121,599	0	0
Prepaid Items	3,405	0	1,378	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service for the Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
 Total Assets and Other Debits	 \$1,011,474	 \$801,291	 \$866,344	 \$200,014

See accompanying notes to the general purpose financial statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		Trust And Agency	General Fixed Assets	
Enterprise				
\$341,758	\$21,398	\$0	\$0	\$1,678,803
0	30,127	0	0	30,127
0	65,034	0	0	65,034
0	0	0	0	312,440
0	0	0	0	509,158
0	0	0	0	168,793
100,196	0	0	0	540,068
344,746	0	0	0	348,142
0	761	0	0	4,196
0	0	0	0	121,599
1,518	0	0	0	6,301
9,477,737	0	9,734,328	0	19,212,065
0	0	0	22,433	22,433
0	0	0	1,937,189	1,937,189
<u>\$10,265,955</u>	<u>\$117,320</u>	<u>\$9,734,328</u>	<u>\$1,959,622</u>	<u>\$24,956,348</u>

(Continued)

City of Logan, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups (Continued)
 December 31, 2003

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Debt Service
<u>Liabilities, Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$48,242	\$1,594	\$2,401	\$0
Contracts Payable	0	0	2,288	0
Accrued Salaries Payable	57,208	6,834	0	0
Accrued Interest Payable	0	0	0	0
Intergovernmental Payable	5,369	60	5,000	0
Deferred Revenue	490,992	273,261	38,001	177,581
Compensated Absences Payable	14,278	2,085	0	0
State Infrastructure Bank Loan	0	0	0	0
Tax Incremental Financing Bonds Payable	0	0	0	0
Due to Others	0	0	0	0
Capital Leases Payable	0	0	0	0
Land Contract Payable	0	0	0	0
OWDA Loans Payable	0	0	0	0
Mortgage Revenue Bonds Payable	0	0	0	0
Total Liabilities	616,089	283,834	47,690	177,581
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	0	0	20,000	0
Reserved for Loans	0	121,599	0	0
Reserved for Endowments	0	0	0	0
Unreserved	395,385	395,858	798,654	22,433
Total Fund Equity and Other Credits	395,385	517,457	818,654	22,433
Total Liabilities, Fund Equity and Other Credits	\$1,011,474	\$801,291	\$866,344	\$200,014

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust And Agency			
\$20,473	\$0	\$0	\$0	\$72,710
12,815	0	0	0	15,103
21,461	0	0	0	85,503
113,103	0	0	0	113,103
45,369	0	0	165,832	221,630
0	0	0	0	979,835
90,968	0	0	214,207	321,538
0	0	0	160,166	160,166
0	0	0	1,311,417	1,311,417
0	30,127	0	0	30,127
0	0	0	8,000	8,000
0	0	0	100,000	100,000
1,811,129	0	0	0	1,811,129
1,333,100	0	0	0	1,333,100
<u>3,448,418</u>	<u>30,127</u>	<u>0</u>	<u>1,959,622</u>	<u>6,563,361</u>
0	0	9,734,328	0	9,734,328
1,339,669	0	0	0	1,339,669
5,477,868	0	0	0	5,477,868
0	0	0	0	20,000
0	0	0	0	121,599
0	65,034	0	0	65,034
0	22,159	0	0	1,634,489
<u>6,817,537</u>	<u>87,193</u>	<u>9,734,328</u>	<u>0</u>	<u>18,392,987</u>
<u>\$10,265,955</u>	<u>\$117,320</u>	<u>\$9,734,328</u>	<u>\$1,959,622</u>	<u>\$24,956,348</u>

City of Logan, Ohio
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances
 All Governmental Fund Types
 For the Year Ended December 31, 2003

	General	Governmental Special Revenue
<u>Revenues:</u>		
Property Taxes	\$168,101	\$137,871
Municipal Income Taxes	1,752,732	0
Intergovernmental	411,867	410,030
Charges for Services	131,458	26,912
Fines, Licenses, and Permits	70,866	2,568
Interest	17,859	2,750
Donations	2,000	0
Other	7,323	0
Total Revenues	2,562,206	580,131
<u>Expenditures:</u>		
Current:		
Security of Persons and Property	1,781,984	260,309
Public Health Services	266,480	0
Basic Utility Services	19,183	0
Leisure Time Activities	156,065	0
Community Environment	14,278	4,829
Transportation	442,309	381,387
General Government	524,065	0
Other	4,910	0
Capital Outlay	0	0
Debt Service:		
Principal Retirement	0	0
Interest and Fiscal Charges	0	0
Total Expenditures	3,209,274	646,525
Excess of Revenues Over (Under) Expenditures	(647,068)	(66,394)
<u>Other Financing Sources (Uses):</u>		
Operating Transfers - In	0	4,477
Operating Transfers - Out	(4,477)	0
Bond Proceeds	0	0
Total Other Financing Sources (Uses)	(4,477)	4,477
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(651,545)	(61,917)
Fund Balances at Beginning of Year	1,046,930	579,374
Fund Balances at End of Year	\$395,385	\$517,457

See accompanying notes to the general purpose financial statements

Fund Types		Totals
Capital Projects	Debt Service	(Memorandum Only)
\$0	\$164,609	\$470,581
412,686	0	2,165,418
170,601	17,484	1,009,982
21,600	0	179,970
0	0	73,434
1,505	10	22,124
0	0	2,000
666	0	7,989
<u>607,058</u>	<u>182,103</u>	<u>3,931,498</u>
0	0	2,042,293
0	0	266,480
0	0	19,183
0	0	156,065
0	0	19,107
0	0	823,696
0	0	524,065
0	7,398	12,308
749,171	0	749,171
57,665	113,583	171,248
1,752	50,042	51,794
<u>808,588</u>	<u>171,023</u>	<u>4,835,410</u>
<u>(201,530)</u>	<u>11,080</u>	<u>(903,912)</u>
0	0	4,477
0	0	(4,477)
300,000	0	300,000
<u>300,000</u>	<u>0</u>	<u>300,000</u>
98,470	11,080	(603,912)
720,184	11,353	2,357,841
<u>\$818,654</u>	<u>\$22,433</u>	<u>\$1,753,929</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, 2003

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<u>Revenues:</u>			
Property Taxes	\$155,538	\$168,101	\$12,563
Municipal Income Taxes	1,743,516	1,714,626	(28,890)
Intergovernmental	389,763	462,337	72,574
Charges for Services	174,966	131,458	(43,508)
Fines, Licenses, and Permits	84,431	70,764	(13,667)
Interest	51,513	22,540	(28,973)
Donations	1,981	2,000	19
Revolving Loans	0	0	0
Other	10,402	7,323	(3,079)
Total Revenues	2,612,110	2,579,149	(32,961)
<u>Expenditures:</u>			
Current:			
Security of Persons and Property	1,798,339	1,770,615	27,724
Public Health Services	271,775	266,728	5,047
Basic Utility Services	20,764	19,183	1,581
Leisure Time Activities	158,278	155,848	2,430
Community Environment	15,101	14,278	823
Transportation	456,465	450,214	6,251
General Government	550,831	520,604	30,227
Other	5,714	4,910	804
Capital Outlay	0	0	0
Debt Service:			0
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	3,277,267	3,202,380	74,887
Excess of Revenues Over (Under) Expenditures	(665,157)	(623,231)	41,926
<u>Other Financing Sources (Uses):</u>			
Bond Proceeds	0	0	0
Advances - Out	(160,500)	0	160,500
Operating Transfers - In	0	0	0
Operating Transfers - Out	(4,477)	(4,477)	0
Total Other Financing Sources (Uses)	(164,977)	(4,477)	160,500
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(830,134)	(627,708)	202,426
Fund Balances at Beginning of Year	839,925	839,925	0
Prior Year Encumbrances Appropriated	2,274	2,274	0
Fund Balances at End of Year	\$12,065	\$214,491	\$202,426

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)
\$121,791	\$137,871	\$16,080	\$0	\$0	\$0
0	0	0	482,366	403,159	(79,207)
421,859	394,023	(27,836)	84,134	178,520	94,386
33,000	26,912	(6,088)	21,600	21,600	0
3,500	2,358	(1,142)	0	0	0
5,891	2,544	(3,347)	21,080	2,171	(18,909)
0	0	0	0	0	0
2,109	22,474	20,365	0	0	0
0	0	0	0	0	0
<u>588,150</u>	<u>586,182</u>	<u>(1,968)</u>	<u>609,180</u>	<u>605,450</u>	<u>(3,730)</u>
319,000	260,309	58,691	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
9,149	4,901	4,248	0	0	0
421,195	378,899	42,296	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	932,849	761,111	171,738
0	0	0	0	0	0
0	0	0	57,665	57,665	0
0	0	0	1,752	1,752	0
<u>749,344</u>	<u>644,109</u>	<u>105,235</u>	<u>992,266</u>	<u>820,528</u>	<u>171,738</u>
<u>(161,194)</u>	<u>(57,927)</u>	<u>103,267</u>	<u>(383,086)</u>	<u>(215,078)</u>	<u>168,008</u>
0	0	0	300,000	300,000	0
0	0	0	0	0	0
4,000	4,477	477	0	0	0
0	0	0	0	0	0
<u>4,000</u>	<u>4,477</u>	<u>477</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>
(157,194)	(53,450)	103,744	(83,086)	84,922	168,008
418,199	418,199	0	603,697	603,697	0
0	0	0	3,931	3,931	0
<u>\$261,005</u>	<u>\$364,749</u>	<u>\$103,744</u>	<u>\$524,542</u>	<u>\$692,550</u>	<u>\$168,008</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, 2003

	Debt Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$154,888	\$164,609	\$9,721
Municipal Income Taxes	0	0	0
Intergovernmental	16,451	17,484	1,033
Charges for Services	0	0	0
Fines, Licenses, and Permits	0	0	0
Interest	300	10	(290)
Donations	0	0	0
Revolving Loans	0	0	0
Other	0	0	0
Total Revenues	171,639	182,103	10,464
<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	7,398	(7,398)
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	121,513	113,583	7,930
Interest and Fiscal Charges	61,451	50,042	11,409
Total Expenditures	182,964	171,023	11,941
Excess of Revenues Over (Under) Expenditures	(11,325)	11,080	22,405
<u>Other Financing Sources (Uses):</u>			
Bond Proceeds	0	0	0
Advances - Out	0	0	0
Operating Transfers - In	0	0	0
Operating Transfers - Out	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(11,325)	11,080	22,405
Fund Balances at Beginning of Year	11,353	11,353	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balances at End of Year	\$28	\$22,433	\$22,405

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$432,217	\$470,581	\$38,364
2,225,882	2,117,785	(108,097)
912,207	1,052,364	140,157
229,566	179,970	(49,596)
87,931	73,122	(14,809)
78,784	27,265	(51,519)
1,981	2,000	19
2,109	22,474	20,365
10,402	7,323	(3,079)
<u>3,981,079</u>	<u>3,952,884</u>	<u>(28,195)</u>
2,117,339	2,030,924	86,415
271,775	266,728	5,047
20,764	19,183	1,581
158,278	155,848	2,430
24,250	19,179	5,071
877,660	829,113	48,547
550,831	520,604	30,227
5,714	12,308	(6,594)
932,849	761,111	171,738
179,178	171,248	7,930
63,203	51,794	11,409
<u>5,201,841</u>	<u>4,838,040</u>	<u>363,801</u>
<u>(1,220,762)</u>	<u>(885,156)</u>	<u>335,606</u>
300,000	300,000	0
(160,500)	0	160,500
4,000	4,477	477
<u>(4,477)</u>	<u>(4,477)</u>	<u>0</u>
<u>139,023</u>	<u>300,000</u>	<u>160,977</u>
(1,081,739)	(585,156)	496,583
1,873,174	1,873,174	0
6,205	6,205	0
<u>\$797,640</u>	<u>\$1,294,223</u>	<u>\$496,583</u>

City of Logan, Ohio
 Combined Statement of Revenues,
 Expenses and Changes in Fund Equity
 All Proprietary Fund Types and Similar Trust Funds
 For the Year Ended December 31, 2003

	<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	\$2,181,776	\$10,837	\$0	\$2,192,613
Other	16,588	0	2,288	18,876
Total Operating Revenues	<u>2,198,364</u>	<u>10,837</u>	<u>2,288</u>	<u>2,211,489</u>
<u>Operating Expenses:</u>				
Personal Services	815,985	0	0	815,985
Fringe Benefits	212,402	0	0	212,402
Contractual Services	331,507	11,696	0	343,203
Supplies and Materials	197,670	0	0	197,670
Other	673	0	4,436	5,109
Depreciation	270,972	0	0	270,972
Total Operating Expenses	<u>1,829,209</u>	<u>11,696</u>	<u>4,436</u>	<u>1,845,341</u>
Operating Income (Loss)	<u>369,155</u>	<u>(859)</u>	<u>(2,148)</u>	<u>366,148</u>
<u>Non-Operating Revenues (Expenses):</u>				
Capital Grants	100,000	0	0	100,000
Interest Income	0	0	1,369	1,369
Interest and Fiscal Charges	(232,294)	0	0	(232,294)
Total Non-Operating Revenues (Expenditures)	<u>(132,294)</u>	<u>0</u>	<u>1,369</u>	<u>(130,925)</u>
Net Income (Loss)	236,861	(859)	(779)	235,223
Retained Earnings/Fund Balance at Beginning of Year	<u>5,241,007</u>	<u>859</u>	<u>87,972</u>	<u>5,329,838</u>
Retained Earnings/Fund Balance at End of Year	<u>5,477,868</u>	<u>0</u>	<u>87,193</u>	<u>5,565,061</u>
Contributed Capital at Beginning of Year	1,116,587	0	0	1,116,587
Contributions from Other Funds	<u>223,082</u>	<u>0</u>	<u>0</u>	<u>223,082</u>
Contributed Capital at End of Year	<u>1,339,669</u>	<u>0</u>	<u>0</u>	<u>1,339,669</u>
Total Fund Equity at End of Year	<u>\$6,817,537</u>	<u>\$0</u>	<u>\$87,193</u>	<u>\$6,904,730</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 Funds
 For the Year Ended December 31, 2003

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$2,112,566	\$2,189,925	\$77,359
Interest Income	0	0	0
Other	23,934	16,588	(7,346)
Note Proceeds	24,500	7,776	(16,724)
Total Revenues	2,161,000	2,214,289	53,289
<u>Expenses:</u>			
Personal Services	758,489	792,384	(33,895)
Fringe Benefits	200,108	188,916	11,192
Contractual Services	341,128	367,283	(26,155)
Supplies and Materials	142,856	209,583	(66,727)
Other	912	673	239
Capital Outlay	181,596	128,789	52,807
Debt Service:			
Principal Retirement	318,315	314,497	3,818
Interest and Fiscal Charges	236,642	242,632	(5,990)
Total Expenses	2,180,046	2,244,757	(64,711)
Excess of Revenues Under Expenses	(19,046)	(30,468)	(11,422)
Fund Equity at Beginning of Year	355,379	355,379	0
Prior Year Encumbrances Appropriated	1,649	1,649	0
Fund Equity at End of Year	\$337,982	\$326,560	(\$11,422)
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 Funds (Continued)
 For the Year Ended December 31, 2003

	Internal Service Fund			Non-I
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget
<u>Revenues:</u>				
Charges for Services	\$12,000	\$10,837	(\$1,163)	\$0
Interest Income	0	0	0	3,000
Other	0	0	0	0
Note Proceeds	0	0	0	0
Total Revenues	12,000	10,837	(1,163)	3,000
<u>Expenses:</u>				
Personal Services	0	0	0	0
Fringe Benefits	0	0	0	0
Contractual Services	12,000	11,696	304	0
Supplies and Materials	0	0	0	0
Other	0	0	0	4,750
Capital Outlay	0	0	0	0
<u>Debt Service:</u>				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenses	12,000	11,696	304	4,750
Excess of Revenues Under Expenses	0	(859)	(859)	(1,750)
Fund Equity at Beginning of Year	859	859	0	86,921
Prior Year Encumbrances Appropriated	0	0	0	0
Fund Equity at End of Year	\$859	\$0	(\$859)	\$85,171

See accompanying notes to the general purpose financial statements

Expendable Trust Funds		Totals (Memorandum Only)		
Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$2,124,566	\$2,200,762	\$76,196
1,659	(1,341)	3,000	1,659	(1,341)
2,288	2,288	23,934	18,876	(5,058)
0	0	24,500	7,776	(16,724)
<u>3,947</u>	<u>947</u>	<u>2,176,000</u>	<u>2,229,073</u>	<u>53,073</u>
0	0	758,489	792,384	(33,895)
0	0	200,108	188,916	11,192
0	0	353,128	378,979	(25,851)
0	0	142,856	209,583	(66,727)
4,436	314	5,662	5,109	553
0	0	181,596	128,789	52,807
0	0	318,315	314,497	3,818
0	0	236,642	242,632	(5,990)
<u>4,436</u>	<u>314</u>	<u>2,196,796</u>	<u>2,260,889</u>	<u>(64,093)</u>
(489)	1,261	(20,796)	(31,816)	(11,020)
86,921	0	443,159	443,159	0
0	0	1,649	1,649	0
<u>\$86,432</u>	<u>\$1,261</u>	<u>\$424,012</u>	<u>\$412,992</u>	<u>(\$11,020)</u>

City of Logan, Ohio
 Combined Statement of Cash Flows
 All Proprietary Fund Types and Similar Trust Funds
 For the Year Ended December 31, 2003

	<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	\$2,185,371	\$10,837	\$0	\$2,196,208
Cash Payments for Employee Services and Benefits	(981,300)	0	0	(981,300)
Cash Payments to Suppliers for Goods and Services	(523,733)	(11,696)	0	(535,429)
Other Revenues	16,588	0	2,288	16,588
Other Operating Expenses	(673)	0	(4,436)	(673)
Net Cash Provided by Operating Activities	<u>696,253</u>	<u>(859)</u>	<u>(2,148)</u>	<u>695,394</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition of Capital Assets	(128,789)	0	0	(128,789)
Principal Paid on Debt	(314,497)	0	0	(314,497)
Interest Paid on Debt	(242,632)	0	0	(242,632)
Principal Paid on Capital Leases	(38,767)	0	0	(38,767)
Interest Paid on Capital Leases	(2,543)	0	0	(2,543)
Proceeds of Notes	7,776	0	0	7,776
Net Cash Used for Capital and Related Financing Activities	<u>(719,452)</u>	<u>0</u>	<u>0</u>	<u>(719,452)</u>
<u>Cash Flows from Investing Activities:</u>				
Interest on Investments	0	0	1,659	1,659
Net Increase (Decrease) in Cash and Cash Equivalents	(23,199)	(859)	(489)	(22,399)
Cash and Cash Equivalents Beginning of Year	364,957	859	21,887	387,703
Cash and Cash Equivalents End of Year	<u>\$341,758</u>	<u>\$0</u>	<u>\$21,398</u>	<u>\$365,304</u>

See accompanying notes to the general purpose financial statements

(Continued)

City of Logan, Ohio
 Combined Statement of Cash Flows
 All Proprietary Fund Types and Similar Trust Funds (Continued)
 For the Year Ended December 31, 2003

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non- Expendable Trust	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$369,155	(\$859)	(\$2,148)	\$368,296
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	270,972	0	0	270,972
Changes in Assets and Liabilities:				
Decrease in Accounts Receivable	434	0	0	434
Decrease in Intergovernmental Receivables	3,161	0	0	3,161
Decrease in Prepaid Items	1,848	0	0	1,848
Decrease in Accounts Payable	(8,330)	0	0	(8,330)
Increase in Contracts Payable	12,815	0	0	12,815
Increase in Accrued Salaries Payable	4,261	0	0	4,261
Increase in Intergovernmental Payables	23,097	0	0	23,097
Increase in Compensated Absences Payable	18,840	0	0	18,840
Net Cash Provided by (Used for) Operating Activities	<u><u>\$696,253</u></u>	<u><u>(\$859)</u></u>	<u><u>(\$2,148)</u></u>	<u><u>\$695,394</u></u>
Cash and Cash Equivalents - All Fiduciary Funds		\$51,525		
Cash and Cash Equivalents - Agency Fund		<u>30,127</u>		
Cash and Cash Equivalents - Non-Expendable Trust Fund		<u><u>\$21,398</u></u>		

Non-Cash Capital Financing Activity:

The City's Water and Sewer Enterprise Funds received \$223,082 in capital assets from other City funds.

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, 2003

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 1893.

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 and the City Mayor 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 participates in certain organizations which are defined as jointly governed organizations and an insurance purchasing pool. These organizations are presented in Note 16 and Note 17 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
Ohio Municipal League City Equity Pooling Workers' Compensation Group Rating Program

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, 2003

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 not recorded in the funds because they do not directly affect net available expendable 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 fund) 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, 2003

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

Non-Expendable Trust Fund - 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 financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust fund 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 fund 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, the expendable trust fund, and the agency fund. The full accrual basis of accounting is followed for the proprietary funds and the non-expendable trust fund.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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 accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the 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 also 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 5). Revenue from income taxes is recognized in the year in which the income is earned. 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.

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 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, 2003, but which were levied to finance year 2004 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.

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.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the 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 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 on the amended certificate of estimated resources in effect at the time final appropriations were adopted by Council.

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 are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Cash and Cash Equivalents" on the combined balance sheet.

During 2003, 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.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2003.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest is credited to the General Fund; the State Highway, and the Economic Development Special Revenue Funds; the Municipal Public Improvement Tax Incentive Capital Projects Fund; and the Cemetery Endowment Non-Expendable Trust Fund. Interest revenue credited to the General Fund during 2003 amounted to \$17,859, which includes \$15,656 assigned from other City funds.

The City has a segregated bank account for monies used to meet payroll obligations 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".

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, 2003, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported 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 costs 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 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.

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

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 fifteen 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, compensated absences 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 federal and state grants, special assessments, and resources from other funds and private sources provided to the City's proprietary funds which are not subject to repayment. Since 2001, capital contributions, other than contributions from other funds, have been recorded as revenues and are reported as increases in retained earnings based on new guidelines established by GASB Statement 33, "Accounting and Reporting for Non-Exchange Transactions".

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 2003, interest costs incurred on construction projects in proprietary funds were not material.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, and endowments.

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 - 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 Funds 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, 2003

NOTE 3 - 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	Debt Service
GAAP Basis	(\$651,545)	(\$61,917)	\$98,470	\$11,080
Revenue Accruals	17,096	(16,712)	(1,608)	0
Expenditure Accruals	5,960	2,416	8,060	0
Beginning of the Year:				
Unreported Cash	217	1,343	0	0
Prepaid Items	4,339	0	0	0
End of the Year:				
Unreported Cash	(370)	(1,054)	0	0
Prepaid Items	(3,405)	0	0	0
Revolving Loans	0	5,734	0	0
Deferred Loans	0	16,740	0	0
Encumbrances	0	0	(20,000)	0
Budget Basis	<u>(\$627,708)</u>	<u>(\$53,450)</u>	<u>\$84,922</u>	<u>\$11,080</u>

Revenues Over (Under) Expenses
All Proprietary Fund Types and Similar Trust Funds

	Enterprise	Internal Service	Non- Expendable Trust
GAAP Basis	\$236,861	(\$859)	(\$779)
Revenue Accruals	(96,405)	0	290
Expense Accruals	37,805	0	0
Beginning of the Year:			
Unreported Cash	7,929	0	0
Prepaid Items	3,366	0	0
End of the Year:			
Unreported Cash	(3,375)	0	0
Prepaid Items	(1,518)	0	0
Note Proceeds	7,776	0	0
Capital Outlay	(128,789)	0	0
Principal Retirement	(353,267)	0	0
Depreciation Expense	270,972	0	0
Encumbrances	(11,823)	0	0
Budget Basis	<u>(\$30,468)</u>	<u>(\$859)</u>	<u>(\$489)</u>

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 4 - 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.

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.

CITY OF LOGAN, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

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.

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."

Cash on Hand At year end, the City had \$4,799 in unreported cash on hand which is included in the Balance Sheet of the City as part of "Cash and Cash Equivalents".

Deposits At year end, the carrying amount of the City's deposits was \$801,142 and the bank balance was \$854,751. Of the bank balance:

1. \$169,109 was covered by federal depository insurance; and
2. \$685,642 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.

	Carrying Amount	Fair Value
STAR Ohio	\$968,023	\$968,023

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:

CITY OF LOGAN, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$1,708,930	\$65,034
Certificates of Deposit	65,034	(65,034)
Cash on Hand	(4,799)	0
STAR Ohio	(968,023)	968,023
GASB Statement 3	\$801,142	\$968,023

NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Property tax revenue received during 2003 for real and public utility property taxes represents collections of 2002 taxes. Property tax payments received during 2003 for tangible personal property (other than public utility property) are for 2003 taxes.

2003 real property taxes are levied after October 1, 2003, on assessed value as of January 1, 2003, the lien date. Assessed values are established by State law 35 percent of the appraised value. 2003 real property taxes are collected in and intended to finance 2004.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2003 public utility property taxes became a lien December 31, 2002, are levied after October 1, 2003, and are collected in 2004 with real property taxes.

2003 tangible personal property taxes are levied after October 1, 2002, on the value as of December 31, 2002. Collections are made in 2003. Tangible personal property assessments are 25 percent of true value for all property except inventory, which has a rate of 23 percent.

The full tax rate for all City operations for the year ended December 31, 2003, was \$3.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2003 property tax receipts were based are as follows:

Real Property	\$81,232,770
Public Utility Real Property	12,780
Public Utility Tangible Personal Property	3,368,710
Tangible Personal Property	17,041,672
Total Assessed Value	\$101,655,932

Real property taxes are payable annually and 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.

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; paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 5 - PROPERTY TAXES (continued)

The County Treasurer collects property taxes on behalf of Hocking County, including the City of Logan. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2003 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal 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 2003 operations. The receivable is therefore offset by a credit to deferred revenue.

NOTE 6 - 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.

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 2003, the General Fund received \$1,752,732 and the Capital Improvements Capital Projects Fund received \$412,686 in income tax revenue.

NOTE 7 - RECEIVABLES

Receivables at December 31, 2003, 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.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 7 – RECEIVABLES (continued)

A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
<u>General Fund:</u>	
Estate Tax	\$23,896
Local Government	168,001
Homestead and Rollback	9,240
Kilowatt Per Hour	1,102
Litter Study Grant	1,043
Airway Grant	2,125
Miscellaneous	4,958
Total General Fund	<u>210,365</u>
<u>Special Revenue Funds:</u>	
Gasoline Tax	89,301
Homestead and Rollback	7,641
Kilowatt Per Hour	980
Motor Vehicle License Tax	38,716
COPS Grant	21,761
Ohio Department of Transportation Grant	11,442
Miscellaneous	294
Total Special Revenue Funds	<u>170,135</u>
<u>Capital Projects Funds:</u>	
Homestead and Rollback	120
Ohio Public Works Commission Grant	21,810
Nature Works Grant	28,654
Total Capital Projects Funds	<u>50,584</u>
<u>Debt Service Fund:</u>	
Homestead and Rollback	8,788
Total Debt Service Fund	<u>8,788</u>
<u>Enterprise Funds:</u>	
Appalachian Regional Commission Grant	100,000
Sewer Services	196
Total Enterprise Funds	<u>100,196</u>
Total Intergovernmental Receivables	<u><u>\$540,068</u></u>

NOTE 8 - FIXED ASSETS

A summary of the enterprise funds' property, plant, and equipment at December 31, 2003, follows:

<u>Asset Category</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Land and Improvements	\$1,212,720	\$521,860	\$1,734,580
Buildings and Improvements	3,887,886	5,787,970	9,675,856
Infrastructure	706,881	521,562	1,228,443
Furniture, Fixtures, and Equipment	252,913	261,460	514,373
Vehicles	81,948	211,786	293,734
Total	<u>6,142,348</u>	<u>7,304,638</u>	<u>13,446,986</u>
Less: Accumulated Depreciation	<u>(1,738,958)</u>	<u>(2,230,291)</u>	<u>(3,969,249)</u>
Net Fixed Assets	<u><u>\$4,403,390</u></u>	<u><u>\$5,074,347</u></u>	<u><u>\$9,477,737</u></u>

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 8 - FIXED ASSETS (continued)

A summary of the changes in general fixed assets during 2003 follows:

Asset Category	Balance at 12/31/02	Additions	Deletions	Balance at 12/31/03
Land and Improvements	\$4,205,537	\$74,760	\$0	\$4,280,297
Buildings and Improvements	1,238,445	124,193	0	1,362,638
Furniture, Fixtures, and Equipment	2,309,664	73,744	537	2,382,871
Vehicles	1,653,056	55,466	0	1,708,522
Construction in Progress	91,107	0	91,107	0
Totals	\$9,497,809	\$328,163	\$91,644	\$9,734,328

NOTE 9 - 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 2003, the City contracted with Wichert Insurance Services, Incorporated for all of the following insurance:

Property	Deductible	Limits of Coverage
Building and Contents	\$500	\$18,533,550
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	5,000,000

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.

For 2003, the City participated in the 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.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 9 - RISK MANAGEMENT (continued)

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 loss experience for three years following the last year of participation.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both employer and member contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town Street, Columbus, Ohio 45215-4642 or by calling (614) 222-6705.

For the year ended December 31, 2003, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2003 was 8.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 11.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2003, 2002, and 2001 were \$129,321, \$126,627, and \$148,512, respectively; 82.02 percent has been contributed for 2003 and 100 percent for 2002 and 2001. Contributions to the member-directed plan for 2003 were \$0 made by the City and \$0 made by plan members.

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 defined benefit pension plan. 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.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for the years ended December 31, 2003, 2002, and 2001 were \$142,664, \$116,679, and \$118,151 respectively, equal to the required contributions for each year. The full amount has been contributed for 2002 and 2001. 73.48 percent has been contributed for 2003 with the remainder being reported as a liability.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. 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 the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2003 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 5 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 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 annually.

The number of active contributing participants was 364,881. Actual employer contributions for 2003 which were used to fund postemployment benefits were \$75,626. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2002, (the latest information available) were \$10 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan. The Choices plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

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

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 11 - 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 service, disability or survivor 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 funds of 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 7.75 percent of covered payroll was applied to the postemployment health care program during 2003. 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. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2003 that were used to fund postemployment benefits were \$50,505 for police and \$31,521 for firefighters. The OP&F's total health care expense for the year ended December 31, 2002, (the latest information available) was \$141,028,006, which was net of member contributions of \$12,623,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2002, was 13,527 for police and 10,396 for firefighters.

NOTE 12 - 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 2003, the City contracted with Nationwide Health Plan to provide all employees with \$25,000 each in life insurance and accidental death insurance, except for the fire department employees who receive \$15,000 each in insurance.

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE

In previous years, the City entered into capitalized lease agreements for a backhoe, sewer sludge truck, and a dump truck. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE (continued)

The items acquired by lease have been capitalized in the General Fixed Asset Account Group in the amount of \$75,655, and in the Sewer Enterprise Fund in the amount of \$60,096, which is equal to the present value of the future minimum lease payments at the time of acquisition. Corresponding liabilities were recorded in the General Long-Term Obligations Account Group and the Sewer Enterprise Fund. Principal payments in 2003 totaled \$96,432.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2003.

Year Ending December 31,	Governmental Obligations
2004	8,640
Total Minimum Lease Payments	8,640
Less: Amount Representing Interest	(640)
Present Value of Minimum Lease Payments	\$8,000

NOTE 14 - LONG-TERM OBLIGATIONS

Changes in long-term obligations of the City for the year ended December 31, 2003, were as follows:

	Principal Outstanding 12/31/02	Additions	Deductions	Principal Outstanding 12/31/03
Enterprise Funds' Obligations:				
OWDA Sewer Improvement Loan - 8.31%	\$2,028,550	\$0	\$225,197	\$1,803,353
OWDA Sewer Planning Loan - 1.00%	0	7,776	0	7,776
Total OWDA Loans	2,028,550	7,776	225,197	1,811,129
Water System Mortgage Revenue Bond- 5.00%	1,422,400	0	89,300	1,333,100
Capital Leases	38,767	0	38,767	0
Total Enterprise Funds' Long-Term Liabilities	3,489,717	7,776	353,264	3,144,229
General Long-Term Obligations:				
Wal-Mart Tax Increment Financing Bonds - 4.50%	1,125,000	0	113,583	1,011,417
Holiday Inn Tax Increment Financing Bonds - 4.80%	0	300,000	0	300,000
Total Tax Increment Financing Bonds	1,125,000	300,000	113,583	1,311,417
State Infrastructure Bank Loan - 3.00%	190,679	0	30,513	160,166
Land Contract - 0.00%	0	125,000	25,000	100,000
Capital Leases	65,665	0	57,665	8,000
Pension Obligations	119,523	165,832	119,523	165,832
Compensated Absences	174,115	138,104	98,012	214,207
Total General Long-Term Obligations	1,674,982	728,936	444,296	1,959,622
Total Long-Term Obligations	\$5,164,699	\$736,712	\$797,560	\$5,103,851

As of December 31, 2003, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$9,202,290.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire the City's mortgage revenue bonds outstanding at December 31, 2003, are as follows:

Year Ended December 31,	Principal	Interest	Total
2004	\$93,900	\$66,655	\$160,555
2005	98,500	61,960	160,460
2006	103,500	57,035	160,535
2007	108,700	51,860	160,560
2008	114,000	46,425	160,425
2009-2013	661,700	140,695	802,395
2014	152,800	7,640	160,440
	<u>\$1,333,100</u>	<u>\$432,270</u>	<u>\$1,765,370</u>

The mortgage revenue bonds, originally issued for \$2,000,000, 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.

Principal and interest requirements to retire the City's OWDA Sewer Improvement Loan outstanding at December 31, 2003, are as follows:

Year Ended December 31,	Principal	Interest	Total
2004	\$243,910	\$149,859	\$393,769
2005	264,179	129,590	393,769
2006	286,133	107,636	393,769
2007	309,910	83,859	393,769
2008	335,664	58,105	393,769
2009	363,557	30,211	393,768
	<u>\$1,803,353</u>	<u>\$559,260</u>	<u>\$2,362,613</u>

The loan, originally issued for \$2,769,311, 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.

The OWDA Planning Loan, authorized in the amount of \$25,000 is being used to study the feasibility of major renovations and improvements to the City's Sewer Plant. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and which will repay the debt. This loan has not been drawn out as of December 31, 2003, and therefore, the final amount financed for each loan and the amortization schedule have not been established.

Principal and interest requirements to retire the City's State Infrastructure Bank Loan outstanding at December 31, 2003, are as follows:

Year Ended December 31,	Principal	Interest	Total
2004	\$62,522	\$4,692	\$67,214
2005	64,570	2,653	67,223
2006	33,074	537	33,611
	<u>\$160,166</u>	<u>\$7,882</u>	<u>\$168,048</u>

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

The State Infrastructure Bank Loan, originally issued for \$184,677, represents amounts issued for the purpose of improving Hunter Street. The loan will be paid from income tax revenues through the Debt Service Fund.

Principal and interest requirements to retire the City's Wal-Mart Sewer Improvements tax increment financing bonds outstanding at December 31, 2003, are as follows:

Year Ended December 31,	Principal	Interest	Total
2004	\$118,944	\$44,681	\$163,625
2005	124,417	39,208	163,625
2006	130,142	33,483	163,625
2007	136,131	27,494	163,625
2008	142,396	21,229	163,625
2009-2011	359,387	23,742	383,129
	<u>\$1,011,417</u>	<u>\$189,837</u>	<u>\$1,201,254</u>

The Wal-Mart tax increment financing bonds, originally issued for \$1,200,000, represents amounts issued for the purpose of improving and extending existing service lines. The bonds will be paid by property tax revenues through the Debt Service Fund.

Principal and interest requirements to retire the City's Holiday Inn tax increment financing bonds outstanding at December 31, 2003, are as follows:

Year Ended December 31,	Principal	Interest	Total
2004	\$27,367	\$14,075	\$41,442
2005	28,696	12,746	41,442
2006	30,090	11,352	41,442
2007	31,552	9,890	41,442
2008	33,085	8,357	41,442
2009-2012	149,210	16,560	165,770
	<u>\$300,000</u>	<u>\$72,980</u>	<u>\$372,980</u>

The Holiday Inn tax increment financing bonds, issued for \$300,000, represents amounts issued for the purpose of improving and extending existing service lines. The bonds will be paid by property tax revenues through the Debt Service Fund.

Principal and interest requirements to retire the City's Land Contract outstanding at December 31, 2003, are as follows:

December 31,	Principal
2004	\$25,000
2005	25,000
2006	25,000
2007	25,000
	<u>\$100,000</u>

The Land Contract, in the amount of \$125,000 between the City and Harold Croser, which will be retired with payments in the amount of \$25,000 per year through 2007, represents land purchased for the construction of a new City Garage.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

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

NOTE 15 - 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, 2003:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues	\$1,190,023	\$1,008,341	\$2,198,364
Depreciation	122,748	148,224	270,972
Operating Income	132,086	237,069	369,155
Non-Operating Revenues (Expenses)	(67,589)	(64,705)	(132,294)
Net Income	64,497	172,364	236,861
Additions to Fixed Assets	29,113	99,676	128,789
Capital Contributions	110,070	113,012	223,082
Net Working Capital	214,360	17,241	231,601
Total Assets	4,806,400	5,459,555	10,265,955
Long-Term Obligations to be Paid from			
Fund Revenues	1,294,744	1,597,057	2,891,801
Total Equity	3,323,006	3,494,531	6,817,537
Encumbrances Outstanding at			
December 31, 2003	498	11,325	11,823

NOTE 16 - 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.

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.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS (continued)

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 2003, 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 17 - INSURANCE PURCHASING POOL

The City is a participant in the Ohio Municipal League City Equity Pooling Workers' Compensation Group Rating Program (Program), as insurance purchasing pool. The Program's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayor's, two council members, three administrators, three finance officers, and three law directors which are voted on by the members for staggered two year terms. The Executive Director of the Ohio Municipal League serves as coordinator of the Program. Each year, the participants pay an enrollment fee to the Program to cover the costs of administering the Program.

NOTE 18 - CONTINGENT LIABILITIES

A. Litigation

The City is currently not party to any litigation.

B. Federal and State Grants

For the period January 1, 2003, to December 31, 2003, 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, 2003 and have issued our report thereon dated August 25, 2004. 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 2003-001 and 2003-002. 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 August 25, 2004.

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. However, we noted a certain matter involving the internal control over financial reporting and its operations that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operations of the internal control over financial reporting that in our judgement, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. This reportable condition is described in the accompanying schedule of findings and questioned costs as item 2003-003.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the item described above as a reportable condition to be a material weakness. We also noted a certain matter involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated August 25, 2004.

Members of Council
City of Logan, Ohio
Report on Compliance and on Internal Control over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

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 and Associates, Inc.

J. L. UHRIG & ASSOCIATES, INC.

August 25, 2004

CITY OF LOGAN, OHIO
Schedule of Findings
For the Year Ended December 31, 2003

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

Finding Number 2003-001

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 could lead to the City appropriating more than is actually available to spend in these same funds. This violation occurred in the following funds: General Fund, Section 18 Transportation Special Revenue Fund, COPS Grant Special Revenue Fund, Fire Equipment Purchase Capital Projects Fund, and the Medical Insurance Internal Service Fund.

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 2003-002

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.

We found that 31.6% of the expenditures tested for the City 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.

CITY OF LOGAN, OHIO
Schedule of Findings
For the Year Ended December 31, 2003

<i>Finding Number 2003-003</i>

General Fixed Assets

The City does not have an updated detailed list of general fixed assets. In 1994, the City had an appraisal completed that provided a detailed list of all fixed assets. Each year thereafter, the City has updated the 1994 value of general fixed assets with the total value of additions to or disposals from general fixed assets during the year. Also, the City does not use acquisition or disposal forms to document information pertaining to and approval of fixed asset activity.

Keeping an updated list of fixed assets is an invaluable tool in analyzing replacement needs, insurance coverage, and reducing the risk of losing assets. With the advent of GASB Statement No. 34, it is imperative to have the fixed asset accounting system complete in order to meet the new reporting requirements.

We recommend that a detailed list of all general fixed assets be obtained. This detailed list should be updated annually and the existence of these assets should be verified annually by the department that maintains control over them. The City should also use a form to document the acquisition and disposal of fixed assets that is approved by the Supervisor, Department Head, or Service Director and serves as documentation for updating the detailed fixed asset list.

CITY OF LOGAN, OHIO
Schedule of Prior Audit Findings
For the Year Ended December 31, 2003

Description	Status	Comments
Government Auditing Standards:		
1. ORC 5705.36 - estimated resources should not exceed actual revenue.	Not Corrected	The Auditor will monitor more closely.
2. ORC 5705.41(D) - no purchase is to be made without a certificate of the fiscal officer saying the amount has been appropriated.	Not Corrected	The Auditor will monitor more closely.
3. Fixed Assets - District's fixed asset accounting system needs to be maintained up to date.	Not Corrected	The Auditor will monitor more closely.



**Auditor of State
Betty Montgomery**

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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
OCTOBER 14, 2004**