



CITY OF LOGAN, OHIO

Hocking County

Regular Audit

For the Year Ended December 31, 2005

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





**Auditor of State
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the City of Logan, Hocking County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2005 through December 31, 2005. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

October 9, 2006

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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 governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Ohio (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Ohio as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparisons for the General Fund and Major Special Revenue Funds thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2005, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*. Also as described in Note 3, during the year ended December 31, 2005, the City implemented GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and or Insurance Recoveries*.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 10, 2006 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

Members of Council
City of Logan, Ohio
Independent Auditor's Report

The management's discussion and analysis on pages 4 through 10, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG & ASSOCIATES, INC.

August 10, 2006

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

The discussion and analysis of the City of Logan's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2005. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2005 are as follows:

- In total, net assets increased \$682,326. Net assets of governmental activities decreased \$26,224 or 0.3 percent from 2004. Net assets of business-type activities increased \$708,550, which represents an 8.7 percent increase from 2004.
- In total, cash and cash equivalents increased \$202,727 or 14.26 percent. Total cash and cash equivalents of governmental activities decreased \$7,245 or 0.78 percent, while cash and cash equivalents in our business-type activities increased \$209,972 or 42.4 percent.
- Overall, capital assets increased \$623,943. Total capital assets of governmental activities increased \$467,798 or 7.3 percent. Capital assets of business-type activities increased \$156,145 or 1.3 percent. The increase in capital assets in governmental activities is entirely attributable to our purchase of a new ladder truck for the City's fire department. The increase noted in business-type activities is due to the continued improvements to and expansion of our utility lines and the sludge retention project that is scheduled to be completed in 2006.
- The City has four major funds; the General Fund, the Street Construction and Maintenance and Fire Levy Special Revenue Funds, and the Capital Improvements Capital Projects Fund. The General Fund had \$2,949,431 in revenues and \$2,654,834 in expenditures. The General Fund's balance increased \$261,310. The Street Construction and Maintenance Fund had \$301,202 in revenues and \$268,304 in expenditures. The Street Construction and Maintenance Fund's balance increased by \$32,898. The Fire Levy Fund had \$260,679 in revenues and \$977,569 in expenditures. The Fire Levy Fund's balance increased by \$4,629. The Capital Improvements Fund had \$279,375 in revenues and \$346,478 in expenditures. The Capital Improvements Fund balance decreased \$94,803.
- The City has two business-type activities: the Water and Sewer Funds. The Water Fund had \$1,364,627 in operating revenues and \$1,199,276 in operating expenses. The Water Fund's net asset balance increased \$348,800. The Sewer Fund had \$1,087,913 in operating revenues and \$802,625 in operating expenses. The Sewer Fund's net asset balance increased \$359,750.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the City of Logan's financial position.

The statement of net assets and the statement of activities provide information about the activities of the City as a whole, presenting both an aggregate and a longer-term view of the City.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements report the City's most significant funds individually and the City's non-major funds in a single column. The City's major funds are the General, Street Construction and Maintenance, Fire Levy, Capital Improvements, Water, and Sewer funds.

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
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Reporting the City of Logan as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2005?" The Statement of Net Assets and Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the City's net assets and changes in those assets. This change in net assets is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or worsened. Over time, these changes are one indicator of whether the financial position is improving or deteriorating. However, in evaluating the overall position of the City, non-financial information, such as the condition of the City's capital assets and changes in the City's property tax base will also need to be evaluated.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities:

- **Governmental Activities** – Most of the City's services are reported here including police, fire, administration, and all departments with the exception of our Water and Sewer Funds.
- **Business-Type Activities** – Water and sewer services have charges based on the amounts of usage. The City charges fees to recoup the cost of the entire operation of our water and sewer treatment plants as well as all capital expenses associated with these facilities and equipment.

Reporting the City of Logan's Most Significant Funds

Fund Financial Statements

The basic governmental fund financial statements begin on page 14. Fund financial reports provide detailed information about the City's major funds. Based upon restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Logan, our major funds are the General, Street Construction and Maintenance, Fire Levy, Capital Improvements, Water, and Sewer Funds.

Governmental Funds Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled as part of the financial statements.

Proprietary Funds When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

THE CITY OF LOGAN AS A WHOLE

Recall that the Statement of Net Assets provides the perspective of the City as a whole. Table 1 provides a summary of the City's net assets for 2005 compared to 2004.

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets						
Current and Other Assets	\$2,481,422	\$2,426,745	\$1,223,340	\$1,168,405	\$3,704,762	\$3,595,150
Capital Assets, Net	6,897,626	6,429,828	11,395,255	11,239,110	18,292,881	17,668,938
<i>Total Assets</i>	<u>9,379,048</u>	<u>8,856,573</u>	<u>12,618,595</u>	<u>12,407,515</u>	<u>21,997,643</u>	<u>21,264,088</u>
Liabilities						
Current and Other Liabilities	567,536	557,407	230,142	212,075	797,678	769,482
Long-Term Liabilities:						
Due within One Year	226,155	195,331	585,259	549,263	811,414	744,594
Due in More than One Year	741,410	233,664	2,964,969	3,516,502	3,706,379	3,750,166
<i>Total Liabilities</i>	<u>1,535,101</u>	<u>986,402</u>	<u>3,780,370</u>	<u>4,277,840</u>	<u>5,315,471</u>	<u>5,264,242</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	6,184,589	6,229,184	7,931,107	7,275,142	14,115,696	13,504,326
Restricted for:						
Perpetual Care:						
Non-Expendable	65,034	65,034	0	0	65,034	65,034
Transportation	263,248	241,470	0	0	263,248	241,470
Police	31,549	74,304	0	0	31,549	74,304
Fire	34,390	42,851	0	0	34,390	42,851
Recreation	45,533	28,624	0	0	45,533	28,624
Other Purposes	142,537	299,017	0	0	142,537	299,017
Capital Projects	423,699	503,360	0	0	423,699	503,360
Unrestricted	653,368	386,327	907,118	854,533	1,560,486	1,240,860
<i>Total Net Assets</i>	<u>\$7,843,947</u>	<u>\$7,870,171</u>	<u>\$8,838,225</u>	<u>\$8,129,675</u>	<u>\$16,682,172</u>	<u>\$15,999,846</u>

Total governmental activities assets increased \$522,475. Cash and cash equivalents decreased \$7,245. The City, unfortunately, spent more than it brought in. Capital assets increased \$467,798. The increase in capital assets is due to the City's purchase of a new ladder truck for the fire department. The City's total governmental activities receivables increased \$61,922. This increase in receivables is due entirely to increases in receivables from other governments, which are attributable to the growth in reimbursable grants, gas tax, and motor vehicle license tax.

Total governmental activities liabilities increased \$548,699. Current and other liabilities increased \$10,129. This is entirely due to increases in both contracts and retainage payable from the continued improvements related to the State Route 93 project. Long-term liabilities increased \$538,570 due to a lease agreement entered into for the purchase of the new ladder truck.

Total business-type activities assets increased \$211,080. Cash and cash equivalents increased \$209,972, as capital assets increased \$156,145. This is due to the continued cost saving measures undertaken by the City and an increase capital contributions made to the Water and Sewer Enterprise Funds. The City's total business-type activities receivables decreased \$155,037. This reduction in receivables is due to decreases in amounts receivable from other governments resulting from the near completion of the State Route 93 Sewer Line Extension Project, decreases in accounts receivable, and payments in lieu of taxes receivable.

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

For business-type activities, current and other liabilities increased \$18,067 due to increases in accrued wages and matured compensated absences. Long-term liabilities decreased \$515,537 due to continued debt service payments made by the City for water and sewer improvements made in previous years.

Table 2 reflects the change in net assets from the prior year.

(Table 2)
 Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program Revenues						
Charges for Services	\$314,658	\$301,403	\$2,435,110	\$2,260,181	\$2,749,768	\$2,561,584
Operating Grants, Contributions and Interest	822,482	637,887	0	0	822,482	637,887
Capital Grants and Contributions	0	0	467,356	218,738	467,356	218,738
Total Program Revenues	1,137,140	939,290	2,902,466	2,478,919	4,039,606	3,418,209
General Revenues						
Property Taxes	456,466	308,314	0	0	456,466	308,314
Income Taxes	2,209,410	2,202,683	0	0	2,209,410	2,202,683
Grants and Entitlements	575,373	478,697	0	0	575,373	478,697
Interest	39,938	20,261	0	639	39,938	20,900
Other	20,173	15,655	17,430	20,064	37,603	35,719
Total General Revenues	3,301,360	3,025,610	17,430	20,703	3,318,790	3,046,313
Total Revenues	4,438,500	3,964,900	2,919,896	2,499,622	7,358,396	6,464,522
Program Expenses						
General Government	546,814	617,359	0	0	546,814	617,359
Security of Persons and Property:						
Police	1,365,983	1,484,281	0	0	1,365,983	1,484,281
Fire	738,746	778,463	0	0	738,746	778,463
Public Health Services	224,449	283,308	0	0	224,449	283,308
Transportation	1,144,232	1,048,603	0	0	1,144,232	1,048,603
Leisure Time Activities	195,085	249,819	0	0	195,085	249,819
Community Environment	202,653	17,295	0	0	202,653	17,295
Basic Utility Services	14,833	12,979	0	0	14,833	12,979
Interest and Fiscal Charges	31,929	6,110	0	0	31,929	6,110
Water	0	0	1,310,217	1,293,282	1,310,217	1,293,282
Sewer	0	0	901,129	896,731	901,129	896,731
Total Program Expenses	4,464,724	4,498,217	2,211,346	2,190,013	6,676,070	6,688,230
Increase (Decrease) in Net Assets	(26,224)	(533,317)	708,550	309,609	682,326	(223,708)
Net Assets at Beginning of Year	7,870,171	8,403,488	8,129,675	7,820,066	15,999,846	16,223,554
Net Assets at End of Year	\$7,843,947	\$7,870,171	\$8,838,225	\$8,129,675	\$16,682,172	\$15,999,846

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Governmental Activities

Program revenues accounted for 25.6 percent of total revenues for governmental activities in 2005. The amount of program revenues increased substantially by \$197,850, or 21.1 percent. This increase is primarily related to increases in state shared revenues sources, such as the Gas Excise Tax and an increase in reimbursable grants, such as the Community Development Block Grant used for the State Route 93 improvements. Governmental activities services are primarily funded through general revenues, those basically being property taxes, income taxes, and State shared revenues. These revenue sources make up 98.2 percent of general revenues and just over 73 percent of total revenues. The City's general revenue increased \$275,750, or 9.1 percent. This increase is attributable to the state-mandated, sexennial property revaluation which took place in 2004, the collection of the new 1.5 mill levy for the purchase of the ladder truck, and increases in the City's estate tax receipts.

The City continues to work very hard to increase our income tax base by being proactive with new businesses. We are continuing to strive to provide better service to the taxpayers at the lowest cost possible. The ability of the City to continue to provide quality services without income tax increases rests on the City Management's ability to keep costs in line.

Security of persons and property is a major activity of the City, generating 47 percent of the governmental expenses, a 3 percent decrease from the prior year. During 2005, expenses for police and fire operations amounted to \$1,365,983 and \$738,746, respectively. These activities are, for the most part, funded by the municipal income tax and property taxes. The City attempts to supplement the income and activities of the police department to enable the department to widen the scope of its activity. The fire department and its employees continue to work hand in hand with the City to help reduce the costs to the taxpayer.

Transportation activities of the City accounted for more than 26 percent of governmental expenses.

General government, public health, parks and recreation, community environment, and basic utility service activities account for the remaining 27 percent of governmental expenditures.

Business-Type Activities

The City's business-type activities are composed of water and sewer operations and are funded almost entirely from charges for services. During 2005, program revenues exceed program expenses by \$691,120 for all business-type activities.

The City's water and sewer departments continued to operate with low rates. The minimum water and sewer rates are \$9.10 and \$9.61, respectively, for the first 2,000 gallons. Water and sewer rates for two surrounding communities are \$14.00 and \$7.10 for water and \$14.75 and \$20.61 for sewer.

THE CITY'S FUNDS

The City's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$4,354,753 and expenditures of \$5,137,905.

The fund balance of the General Fund increased \$261,310. The General Fund's unreserved fund balance of \$501,207 represented 18.9 percent of current year expenditures. Most of this balance remains in the City's treasury and is invested.

The fund balance of the Street Construction and Maintenance Special Revenue Fund increased \$32,898. The Street Construction and Maintenance Fund's unreserved fund balance of \$91,976 represented 34.3 percent of current year expenditures. The City did complete the Front Street storm sewer project and one paving project in 2005.

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

The fund balance of the Fire Levy Special Revenue Fund increased \$4,629. The Fire Levy Fund's unreserved fund balance of \$6,159 represented 0.60 percent of current year expenditures. The purchase of the City's new ladder truck was accounted for in the Fire Fund and the Fire Equipment Capital Projects Fund.

The fund balance of the Capital Improvements Capital Projects fund decreased \$94,803. The Capital Improvement Fund's unreserved fund balance of \$319,763 represented more than 92.3% of current year expenditures.

During 2005, the Water Fund had operating revenues of \$1,364,627 and operating expenses of \$1,199,276. The Sewer Fund had operating revenues of \$1,087,913 and operating expenses of \$802,625. Water and sewer rates last increased 3% on July 1, 2004.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. From time to time during the year, the fund's budget may be amended as needs or conditions change.

During the course of 2005, the City amended its General Fund budget several times, none were significant. All recommendations for a budget change came from the City Auditor to the Finance Committee of Council for review before going to the whole Council for Ordinance enactment on the change. The allocation of appropriations among the departments and objects within a fund may be modified during the year by the City Auditor without an ordinance of Council. With the General Fund supporting many of our major activities such as our police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or overspending by individual departments.

For the General Fund, an increase of \$3,000 was made to the original budgeted revenues. Final budgeted expenditures also increased \$47,241 over the original amount. The City of Logan's ending unencumbered cash balance in the General Fund was \$252,071 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

(Table 3)
 Capital Assets at December 31, 2005
 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$982,863	\$982,863	\$216,600	\$216,600	\$1,199,463	\$1,199,463
Construction in Progress	0	0	338,981	0	338,981	0
Land Improvements	2,447,676	2,525,745	11,879	13,464	2,459,555	2,539,209
Buildings and Improvements	1,119,801	1,155,909	0	0	1,119,801	1,155,909
Furniture, Fixtures, and Equipment	357,552	380,825	242,844	260,095	600,396	640,920
Vehicles	1,075,657	366,937	66,653	70,912	1,142,310	437,849
Infrastructure:						
City Streets	888,108	1,001,191	0	0	888,108	1,001,191
Street Signals	25,969	16,358	0	0	25,969	16,358
Water System	0	0	3,947,651	3,928,831	3,947,651	3,928,831
Sewer System	0	0	6,570,647	6,749,208	6,570,647	6,749,208
Totals	\$6,897,626	\$6,429,828	\$11,395,255	\$11,239,110	\$18,292,881	\$17,668,938

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

The assets of the City are reported at historical cost, net of depreciation. For additional information on capital assets, see Note 8 to the basic financial statements.

Debt

The City had three bond issues, as well as various loans, land contracts, and a capital lease payable at December 31, 2005, totaling \$4,177,185 of which \$686,802 is due within one year. Of the City's outstanding bonds, one is for water system improvements, and two tax incremental financing bonds are for water service extensions. In addition, the City has two Ohio Water Development Authority Loans outstanding, one for sewer plant improvements, and one a feasibility study; a capital lease for the purchase of a fire truck; two land contracts; and a loan used for street improvements.

(Table 4)
 Outstanding Debt at December 31, 2005

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Water Mortgage Revenue						
Bonds	\$0	\$0	\$1,140,700	\$1,239,200	\$1,140,700	\$1,239,200
Water Tax Incremental						
Financing Bonds	0	0	1,012,210	1,165,325	1,012,210	1,165,325
OWDA Loans	0	0	1,311,238	1,580,232	1,311,238	1,580,232
State Infrastructure						
Bank Loan	33,074	97,644	0	0	33,074	97,644
Land Contracts	71,000	103,000	0	0	71,000	103,000
Capital Leases	608,963	0	0	0	608,963	0
Totals	<u>\$713,037</u>	<u>\$200,644</u>	<u>\$3,464,148</u>	<u>\$3,984,757</u>	<u>\$4,177,185</u>	<u>\$4,185,401</u>

The mortgage revenue and tax incremental financing bonds are being paid from charges for services and payments in lieu of taxes revenue in the Water Fund. The OWDA loans are being paid from charges for services in the Sewer Fund. The State Infrastructure bank loan and land contracts will be paid with income tax receipts by the Capital Improvements Fund. The capital lease will be paid from property tax receipts in the Fire Levy Special Revenue Fund and from charges for services in the Fire Equipment Capital Projects Fund.

The City's overall legal debt margin was \$11,145,871 at December 31, 2005. For additional information on the City's debt, see Note 13 to the basic financial statements.

CURRENT ISSUES

As the preceding information shows, the City depends heavily on its taxpayers and grants and entitlements. Stress on the City's finances is ongoing. This is evidenced by the layoffs that the City Council made in the Recreation, Street, Cemetery, and Police Departments. However, infrastructure improvements and upgrades are continuing and City residents in May, 2004, approved a new 1.5 mill levy for the purchase of a the new \$744,000 ladder truck for the City's fire department. These improvements include the State Route 664 Relocation Project, the purchase of new traffic controllers at the intersection of State Route 328 and Front Street, State Route 93 Sewer Line Extension Project, and the Dewatering System for the Wastewater Treatment Facility, all of which began in 2005 and will be completed in 2006.

CONTACTING THE CITY AUDITOR'S DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Kim Miller, Logan City Auditor, 10 South Mulberry Street, Logan, Ohio 43138.

City of Logan, Ohio
Statement of Net Assets
December 31, 2005

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$918,906	\$705,161	\$1,624,067
Investments	65,034	0	65,034
Accrued Interest Receivable	12,630	0	12,630
Intergovernmental Receivable	601,690	187	601,877
Prepaid Items	4,119	3,991	8,110
Accounts Receivable	4,030	321,783	325,813
Income Taxes Receivable	491,461	0	491,461
Property Taxes Receivable	293,510	0	293,510
Payments in Lieu of Taxes Receivable	0	192,218	192,218
Loans Receivable	90,042	0	90,042
Nondepreciable Capital Assets	982,863	555,581	1,538,444
Depreciable Capital Assets, Net	5,914,763	10,839,674	16,754,437
Total Assets	9,379,048	12,618,595	21,997,643
Liabilities			
Accounts Payable	35,351	25,822	61,173
Contracts Payable	35,232	48,265	83,497
Accrued Wages and Benefits Payable	69,855	25,824	95,679
Retainage Payable	12,435	0	12,435
Accrued Interest Payable	1,217	86,885	88,102
Matured Compensated Absences Payable	5,924	5,924	11,848
Deferred Revenue	271,845	0	271,845
Intergovernmental Payable	135,677	37,422	173,099
Long-Term Liabilities:			
Due within One Year	226,155	585,259	811,414
Due in More than One Year	741,410	2,964,969	3,706,379
Total Liabilities	1,535,101	3,780,370	5,315,471
Net Assets			
Invested in Capital Assets, Net of Related Debt	6,184,589	7,931,107	14,115,696
Restricted for:			
Perpetual Care:			
Non-Expendable	65,034	0	65,034
Transportation	263,248	0	263,248
Police	31,549	0	31,549
Fire	34,390	0	34,390
Recreation	45,533	0	45,533
Other Purposes	142,537	0	142,537
Capital Projects	423,699	0	423,699
Unrestricted	653,368	907,118	1,560,486
Total Net Assets	\$7,843,947	\$8,838,225	\$16,682,172

See accompanying notes to the basic financial statements

City of Logan, Ohio
Statement of Activities
For the Year Ended December 31, 2005

	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities				
General Government	\$546,814	\$26,570	\$2,500	\$0
Security of Persons and Property:				
Police	1,365,983	49,214	128,864	0
Fire	738,746	107,232	42,485	0
Public Health Services	224,449	34,870	1,781	0
Transportation	1,144,232	27,851	545,650	0
Leisure Time Activities	195,085	65,527	72,600	0
Community Environment	202,653	3,394	28,602	0
Basic Utility Services	14,833	0	0	0
Interest and Fiscal Charges	31,929	0	0	0
<i>Total Governmental Activities</i>	<u>4,464,724</u>	<u>314,658</u>	<u>822,482</u>	<u>0</u>
Business-Type Activities				
Water	1,310,217	1,354,574	0	294,390
Sewer	901,129	1,080,536	0	172,966
<i>Total Business-Type Activities</i>	<u>2,211,346</u>	<u>2,435,110</u>	<u>0</u>	<u>467,356</u>
Totals	<u>\$6,676,070</u>	<u>\$2,749,768</u>	<u>\$822,482</u>	<u>\$467,356</u>

General Revenues

Property Taxes Levied for:
 General Purposes
Security of Persons and Property:
 Police
 Fire
Income Taxes Levied for:
 General Purposes
 Capital Improvements
Grants and Entitlements not Restricted to Specific Programs
Interest
Other

Total General Revenues

Change in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$517,744)	\$0	(\$517,744)
(1,187,905)	0	(1,187,905)
(589,029)	0	(589,029)
(187,798)	0	(187,798)
(570,731)	0	(570,731)
(56,958)	0	(56,958)
(170,657)	0	(170,657)
(14,833)	0	(14,833)
(31,929)	0	(31,929)
(3,327,584)	0	(3,327,584)
0	338,747	338,747
0	352,373	352,373
0	691,120	691,120
(3,327,584)	691,120	(2,636,464)
185,520	0	185,520
28,647	0	28,647
242,299	0	242,299
1,990,628	0	1,990,628
218,782	0	218,782
575,373	0	575,373
39,938	0	39,938
20,173	17,430	37,603
3,301,360	17,430	3,318,790
(26,224)	708,550	682,326
7,870,171	8,129,675	15,999,846
<u>\$7,843,947</u>	<u>\$8,838,225</u>	<u>\$16,682,172</u>

City of Logan, Ohio

*Balance Sheet
Governmental Funds
December 31, 2005*

	General	Street Construction and Maintenance	Fire Levy	Capital Improvements	Other Governmental Funds
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$372,517	\$80,598	\$6,159	\$284,914	\$174,718
Investments	0	0	0	0	65,034
Receivables:					
Property Taxes	156,975	0	84,797	0	51,738
Income Taxes	393,168	0	0	98,293	0
Accounts	4,030	0	0	0	0
Intergovernmental	313,783	149,176	9,702	69,280	59,749
Loans	0	0	0	0	90,042
Accrued Interest	11,168	0	0	0	1,462
Prepaid Items	3,570	0	0	549	0
Total Assets	\$1,255,211	\$229,774	\$100,658	\$453,036	\$442,743
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$31,769	\$0	\$0	\$1,021	\$2,561
Contracts Payable	228	0	0	35,004	0
Accrued Wages and Benefits Payable	62,939	6,153	0	0	763
Retainage Payable	0	0	0	0	12,435
Matured Compensated Absences Payable	5,924	0	0	0	0
Intergovernmental Payable	128,272	5,417	0	0	1,988
Deferred Revenue	517,991	126,228	94,499	96,636	89,379
Total Liabilities	747,123	137,798	94,499	132,661	107,126
Fund Balances					
Reserved for Encumbrances	6,881	0	0	612	4,090
Reserved for Endowments	0	0	0	0	65,034
Reserved for Loans	0	0	0	0	84,382
Unreserved, Undesignated, Reported in:					
General Fund	501,207	0	0	0	0
Special Revenue Funds	0	91,976	6,159	0	175,423
Capital Projects Funds	0	0	0	319,763	6,688
Total Fund Balances	508,088	91,976	6,159	320,375	335,617
Total Liabilities and Fund Balances	\$1,255,211	\$229,774	\$100,658	\$453,036	\$442,743

See accompanying notes to the basic financial statements

City of Logan, Ohio
*Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
December 31, 2005*

<p style="text-align: center;">Total Governmental Funds</p>	<p>Total Governmental Fund Balances \$1,262,215</p>																											
	<p><i>Amounts reported for governmental activities in the statement of net assets are different because</i></p>																											
<p>\$918,906 65,034</p> <p>293,510 491,461 4,030 601,690 90,042 12,630 4,119</p> <hr style="border: 0.5px solid black;"/> <p style="text-align: right;">\$2,481,422</p>	<p>Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds. 6,897,626</p> <p>Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Property Taxes</td> <td style="text-align: right;">20,531</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Income Taxes</td> <td style="text-align: right;">182,346</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Intergovernmental Revenues</td> <td style="text-align: right;">444,966</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Other Revenues</td> <td style="text-align: right; border-top: 1px solid black;">5,045</td> <td style="text-align: right; border-top: 1px solid black;">652,888</td> </tr> </table> <p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Loans Payable</td> <td style="text-align: right;">(33,074)</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Capital Leases Payable</td> <td style="text-align: right;">(608,963)</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Land Contracts Payable</td> <td style="text-align: right;">(71,000)</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Accrued Interest Payable</td> <td style="text-align: right;">(1,217)</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Compensated Absences Payable</td> <td style="text-align: right; border-top: 1px solid black;">(254,528)</td> <td style="text-align: right; border-top: 1px solid black;">(968,782)</td> </tr> </table> <p>Net Assets of Governmental Activities <u>\$7,843,947</u></p>	Property Taxes	20,531		Income Taxes	182,346		Intergovernmental Revenues	444,966		Other Revenues	5,045	652,888	Loans Payable	(33,074)		Capital Leases Payable	(608,963)		Land Contracts Payable	(71,000)		Accrued Interest Payable	(1,217)		Compensated Absences Payable	(254,528)	(968,782)
Property Taxes	20,531																											
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Loans Payable	(33,074)																											
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Land Contracts Payable	(71,000)																											
Accrued Interest Payable	(1,217)																											
Compensated Absences Payable	(254,528)	(968,782)																										
<p>\$35,351 35,232 69,855 12,435 5,924 135,677 924,733</p> <hr style="border: 0.5px solid black;"/> <p style="text-align: right;">1,219,207</p> <p>11,583 65,034 84,382</p> <p>501,207 273,558 326,451</p> <hr style="border: 0.5px solid black;"/> <p style="text-align: right;">1,262,215</p> <hr style="border: 0.5px solid black;"/> <p style="text-align: right;">\$2,481,422</p>																												

City of Logan, Ohio
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Street Construction and Maintenance	Fire Levy	Capital Improvements	Other Governmental Funds
Revenues					
Property Taxes	\$190,133	\$0	\$218,884	\$0	\$58,896
Income Taxes	1,997,811	0	0	220,577	0
Intergovernmental	544,624	301,202	27,145	47,945	280,817
Charges for Services	127,774	0	0	0	146,964
Fines, Licenses, and Permits	38,675	0	0	0	740
Interest	38,199	0	14,650	1,739	4,049
Gifts and Donations	2,500	0	0	0	72,600
Other	9,715	0	0	9,114	0
<i>Total Revenues</i>	<u>2,949,431</u>	<u>301,202</u>	<u>260,679</u>	<u>279,375</u>	<u>564,066</u>
Expenditures					
Current:					
General Government	485,536	0	0	0	0
Security of Persons and Property:					
Police	1,208,014	0	0	0	113,103
Fire	461,083	0	151,400	0	65,331
Public Health Services	208,676	0	0	0	178
Transportation	249,494	268,304	0	0	289,187
Leisure Time Activities	9,354	0	0	0	147,499
Community Environment	15,968	0	0	0	186,685
Basic Utility Services	14,833	0	0	0	0
Capital Outlay	0	0	666,119	274,955	58,697
Debt Service:					
Principal Retirement	0	0	104,432	96,570	31,012
Interest and Fiscal Charges	0	0	27,918	2,653	904
<i>Total Expenditures</i>	<u>2,652,958</u>	<u>268,304</u>	<u>949,869</u>	<u>374,178</u>	<u>892,596</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>296,473</u>	<u>32,898</u>	<u>(689,190)</u>	<u>(94,803)</u>	<u>(328,530)</u>
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	35,163
Inception of Capital Lease	0	0	693,819	0	50,588
Transfers Out	(35,163)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(35,163)</u>	<u>0</u>	<u>693,819</u>	<u>0</u>	<u>85,751</u>
<i>Net Change in Fund Balance</i>	261,310	32,898	4,629	(94,803)	(242,779)
<i>Fund Balances at Beginning of Year</i>	<u>246,778</u>	<u>59,078</u>	<u>1,530</u>	<u>415,178</u>	<u>578,396</u>
<i>Fund Balances at End of Year</i>	<u>\$508,088</u>	<u>\$91,976</u>	<u>\$6,159</u>	<u>\$320,375</u>	<u>\$335,617</u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
*Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2005*

<p style="text-align: center;">Total Governmental Funds</p>	<p>Net Change in Fund Balances - Total Governmental Funds (\$38,745)</p>																																				
<p style="text-align: right;">\$467,913 2,218,388 1,201,733 274,738 39,415 58,637 75,100 18,829</p> <hr style="border: 0.5px solid black;"/> <p style="text-align: right;">4,354,753</p>	<p>Amounts reported for governmental activities in the statement of activities are different because</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Capital Assets Additions</td> <td style="width: 20%; text-align: right;">999,771</td> <td style="width: 20%;"></td> </tr> <tr> <td>Depreciation Expense</td> <td style="text-align: right;">(531,973)</td> <td style="text-align: right;">467,798</td> </tr> </table> <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Property Taxes</td> <td style="width: 20%; text-align: right;">(11,447)</td> <td style="width: 20%;"></td> </tr> <tr> <td>Income Taxes</td> <td style="text-align: right;">(8,978)</td> <td></td> </tr> <tr> <td>State Shared Revenues</td> <td style="text-align: right;">28,770</td> <td></td> </tr> <tr> <td>Grants</td> <td style="text-align: right;">68,394</td> <td></td> </tr> <tr> <td>Estate Taxes</td> <td style="text-align: right;">5,159</td> <td></td> </tr> <tr> <td>Charges for Services</td> <td style="text-align: right;">766</td> <td></td> </tr> <tr> <td>Fines, Licenses, and Permits</td> <td style="text-align: right;">(261)</td> <td></td> </tr> <tr> <td>Other Revenue</td> <td style="text-align: right;">1,344</td> <td style="text-align: right;">83,747</td> </tr> </table> <p>Repayments of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 232,014</p> <p>In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, interest is expended when due. (454)</p> <p>Other financing sources in the governmental funds that increase long-term liabilities in the statement of net assets are not reported:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Inception of Capital Leases</td> <td style="width: 20%;"></td> <td style="width: 20%; text-align: right;">(744,407)</td> </tr> </table> <p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Compensated Absences</td> <td style="width: 20%;"></td> <td style="width: 20%; text-align: right;">(26,177)</td> </tr> </table> <p><i>Change in Net Assets of Governmental Activities</i> <u>(\$26,224)</u></p>	Capital Assets Additions	999,771		Depreciation Expense	(531,973)	467,798	Property Taxes	(11,447)		Income Taxes	(8,978)		State Shared Revenues	28,770		Grants	68,394		Estate Taxes	5,159		Charges for Services	766		Fines, Licenses, and Permits	(261)		Other Revenue	1,344	83,747	Inception of Capital Leases		(744,407)	Compensated Absences		(26,177)
Capital Assets Additions	999,771																																				
Depreciation Expense	(531,973)	467,798																																			
Property Taxes	(11,447)																																				
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Compensated Absences		(26,177)																																			
<p style="text-align: right;">485,536 1,321,117 677,814 208,854 806,985 156,853 202,653 14,833 999,771 232,014 31,475</p> <hr style="border: 0.5px solid black;"/> <p style="text-align: right;">5,137,905</p> <hr style="border: 0.5px solid black;"/> <p style="text-align: right;">(783,152)</p> <p style="text-align: right;">35,163 744,407 (35,163)</p> <hr style="border: 0.5px solid black;"/> <p style="text-align: right;">744,407</p> <p style="text-align: right;">(38,745)</p> <hr style="border: 0.5px solid black;"/> <p style="text-align: right;">1,300,960</p> <hr style="border: 0.5px solid black;"/> <p style="text-align: right;"><u>\$1,262,215</u></p>																																					

City of Logan, Ohio
*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$187,750	\$178,096	\$189,892	\$11,796
Income Taxes	1,992,526	2,002,133	2,007,907	5,774
Intergovernmental	436,815	438,921	545,262	106,341
Charges for Services	95,641	96,102	127,774	31,672
Fines, Licenses, and Permits	64,988	65,301	39,945	(25,356)
Interest	17,435	17,519	34,517	16,998
Gifts and Donations	996	1,001	1,500	499
Other	16,259	16,337	10,705	(5,632)
<i>Total Revenues</i>	<u>2,812,410</u>	<u>2,815,410</u>	<u>2,957,502</u>	<u>142,092</u>
Expenditures				
Current:				
General Government	500,747	509,322	484,426	24,896
Security of Persons and Property:				
Police	1,279,615	1,301,528	1,250,532	50,996
Fire	463,293	471,226	460,768	10,458
Public Health Services	210,922	214,534	209,980	4,554
Transportation	253,869	258,216	247,521	10,695
Leisure Time Activities	10,553	10,734	10,334	400
Community Environemnt	18,130	18,440	17,849	591
Basic Utility Services	21,610	21,980	16,467	5,513
<i>Total Expenditures</i>	<u>2,758,739</u>	<u>2,805,980</u>	<u>2,697,877</u>	<u>108,103</u>
<i>Excess of Revenues Over Expenditures</i>	<u>53,671</u>	<u>9,430</u>	<u>259,625</u>	<u>250,195</u>
Other Financing Sources (Uses)				
Transfers In	0	0	1,876	1,876
Transfers Out	(35,163)	(35,163)	(35,163)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(35,163)</u>	<u>(35,163)</u>	<u>(33,287)</u>	<u>1,876</u>
<i>Net Change in Fund Balance</i>	18,508	(25,733)	226,338	252,071
<i>Fund Balance at Beginning of Year</i>	134,600	134,600	134,600	0
Prior Year Encumbrances Appropriated	2,416	2,416	2,416	0
<i>Fund Balance at End of Year</i>	<u>\$155,524</u>	<u>\$111,283</u>	<u>\$363,354</u>	<u>\$252,071</u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Street Construction and Maintenance Fund
For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$270,295	\$270,295	\$298,546	\$28,251
Expenditures				
Current:				
Transportation	<u>270,000</u>	<u>270,000</u>	<u>265,479</u>	<u>4,521</u>
<i>Net Change in Fund Balance</i>	295	295	33,067	32,772
<i>Fund Balance at Beginning of Year</i>	<u>47,531</u>	<u>47,531</u>	<u>47,531</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$47,826</u></u>	<u><u>\$47,826</u></u>	<u><u>\$80,598</u></u>	<u><u>\$32,772</u></u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Fire Levy Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$231,850	\$213,694	\$218,884	\$5,190
Intergovernmental	8,650	26,806	27,145	339
Interest	0	14,650	14,650	0
<i>Total Revenues</i>	<u>240,500</u>	<u>255,150</u>	<u>260,679</u>	<u>5,529</u>
Expenditures				
Current:				
Security of Persons and Property:				
Fire	<u>241,500</u>	<u>977,669</u>	<u>977,569</u>	<u>100</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,000)</u>	<u>(722,519)</u>	<u>(716,890)</u>	<u>5,629</u>
Other Financing Sources				
Inception of Capital Lease	0	693,819	693,819	0
Transfers In	<u>0</u>	<u>27,700</u>	<u>27,700</u>	<u>0</u>
<i>Total Other Financing Sources</i>	<u>0</u>	<u>721,519</u>	<u>721,519</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,000)	(1,000)	4,629	5,629
<i>Fund Balance at Beginning of Year</i>	<u>1,530</u>	<u>1,530</u>	<u>1,530</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$530</u></u>	<u><u>\$530</u></u>	<u><u>\$6,159</u></u>	<u><u>\$5,629</u></u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
Statement of Fund Net Assets
Enterprise Funds
December 31, 2005

	Water	Sewer	Total Enterprise Funds
Assets			
Current :			
Equity in Pooled Cash and Cash Equivalents	\$426,022	\$279,139	\$705,161
Payments in Lieu of Taxes	192,218	0	192,218
Accounts Receivable	171,413	150,370	321,783
Intergovernmental	0	187	187
Prepaid Items	2,800	1,191	3,991
<i>Total Current Assets</i>	<u>792,453</u>	<u>430,887</u>	<u>1,223,340</u>
Noncurrent:			
Nondepreciable Capital Assets	84,000	471,581	555,581
Depreciable Capital Assets, Net	4,043,333	6,796,341	10,839,674
<i>Total Noncurrent Assets</i>	<u>4,127,333</u>	<u>7,267,922</u>	<u>11,395,255</u>
<i>Total Assets</i>	<u>4,919,786</u>	<u>7,698,809</u>	<u>12,618,595</u>
Liabilities			
Current:			
Accounts Payable	18,616	7,206	25,822
Contracts Payable	0	48,265	48,265
Accrued Wages and Benefits Payable	16,960	8,864	25,824
Accrued Interest Payable	32,966	53,919	86,885
Intergovernmental Payable	24,771	12,651	37,422
Matured Compensated Absences Payable	2,962	2,962	5,924
Tax Incremental Financing Bonds Payable	160,222	0	160,222
Mortgage Revenue Bonds Payable	103,500	0	103,500
OWDA Loans Payable	0	291,133	291,133
Compensated Absences Payable	17,931	12,473	30,404
<i>Total Current Liabilities</i>	<u>377,928</u>	<u>437,473</u>	<u>815,401</u>
Long-Term:			
Tax Incremental Financing Bonds Payable	851,988	0	851,988
Mortgage Revenue Bonds Payable	1,037,200	0	1,037,200
OWDA Loans Payable	0	1,020,105	1,020,105
Compensated Absences Payable	26,923	28,753	55,676
<i>Total Long-Term Liabilities</i>	<u>1,916,111</u>	<u>1,048,858</u>	<u>2,964,969</u>
<i>Total Liabilities</i>	<u>2,294,039</u>	<u>1,486,331</u>	<u>3,780,370</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	1,974,423	5,956,684	7,931,107
Unrestricted	651,324	255,794	907,118
<i>Total Net Assets</i>	<u>\$2,625,747</u>	<u>\$6,212,478</u>	<u>\$8,838,225</u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
*Statement of Revenues, Expenses,
and Changes in Fund Net Assets
Enterprise Funds
For the Year December 31, 2005*

	Water	Sewer	Total Enterprise Funds
Operating Revenues			
Charges for Services	\$1,354,574	\$1,080,536	\$2,435,110
Other Operating Revenues	10,053	7,377	17,430
<i>Total Operating Revenues</i>	<u>1,364,627</u>	<u>1,087,913</u>	<u>2,452,540</u>
Operating Expenses			
Salaries and Wages	482,056	305,322	787,378
Fringe Benefits	208,403	132,985	341,388
Contractual Services	222,056	142,414	364,470
Materials and Supplies	143,367	17,257	160,624
Depreciation	143,138	204,647	347,785
Other Operating Expenses	256	0	256
<i>Total Operating Expenses</i>	<u>1,199,276</u>	<u>802,625</u>	<u>2,001,901</u>
<i>Operating Income</i>	165,351	285,288	450,639
Non-Operating Expenses			
Interest and Fiscal Charges	(110,941)	(98,504)	(209,445)
<i>Income Before Contributions</i>	54,410	186,784	241,194
Capital Contributions	294,390	172,966	467,356
<i>Change in Net Assets</i>	348,800	359,750	708,550
<i>Net Assets at Beginning of Year</i>	<u>2,276,947</u>	<u>5,852,728</u>	<u>8,129,675</u>
<i>Net Assets at End of Year</i>	<u>\$2,625,747</u>	<u>\$6,212,478</u>	<u>\$8,838,225</u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2005

	Water	Sewer	Total Enterprise Funds
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$1,369,520	\$1,089,646	\$2,459,166
Cash Payments for Employee Services and Benefits	(686,510)	(430,245)	(1,116,755)
Cash Payments to Suppliers for Goods and Services	(375,576)	(165,432)	(541,008)
Other Operating Revenues	10,053	7,377	17,430
Other Operating Expenses	(256)	0	(256)
<i>Net Cash Provided by Operating Activities</i>	<u>317,231</u>	<u>501,346</u>	<u>818,577</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(165,487)	(297,094)	(462,581)
Principal Paid on Debt	(251,615)	(268,994)	(520,609)
Interest Paid on Debt	(113,913)	(109,506)	(223,419)
Capital Contributions	325,038	272,966	598,004
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(205,977)</u>	<u>(402,628)</u>	<u>(608,605)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	111,254	98,718	209,972
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>314,768</u>	<u>180,421</u>	<u>495,189</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$426,022</u>	<u>\$279,139</u>	<u>\$705,161</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
<i>Operating Income</i>	\$165,351	\$285,288	\$450,639
<i>Adjustments:</i>			
Depreciation	143,138	204,647	347,785
<i>(Increase) Decrease in Assets:</i>			
Accounts Receivable	14,946	9,110	24,056
Prepays Items	549	(216)	333
<i>Increase (Decrease) in Liabilities:</i>			
Accounts Payable	(11,532)	(5,825)	(17,357)
Accrued Wages and Benefits Payable	2,724	(151)	2,573
Compensated Absences Payable	2,045	8,951	10,996
Intergovernmental Payable	10	(458)	(448)
<i>Net Cash Provided by Operating Activities</i>	<u>\$317,231</u>	<u>\$501,346</u>	<u>\$818,577</u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2005

Assets

Cash and Cash Equivalents in Segregated Accounts	<u><u>\$1,650</u></u>
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Liabilities

Due to Others	<u><u>\$1,650</u></u>
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See accompanying notes to the basic financial statements

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Note 1 – Description of City and Reporting Entity

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 organized 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.

Reporting Entity

The financial reporting entity consists of the primary government, component units, and other governmental organizations included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City. The City of Logan provides various services including police and fire protection, recreation (including parks), planning and zoning, street maintenance and repair, water and water pollution control, and general administrative services. The operation of each of these activities is directly controlled by the Council through the budgetary process and by the City Auditor and the City Mayor through administrative and managerial requirements and procedures and all are included as part of the reporting entity.

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 may also include organizations that are fiscally dependent upon the City in that the City approves the budget, the issuance of debt, or the levying of taxes for the organization. No separate government units meet the criteria for inclusion as a component unit.

The City participates in four jointly governed organizations and an insurance purchasing pool. These organizations are presented in Notes 16 and 17 to the Basic 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 Plan

Note 2 – Summary of Significant Accounting Policies

The financial statements of the City of Logan have been prepared in conformity to generally accepted accounting principles (GAAP) as applied to local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise funds unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activities and enterprise funds. The more significant of the City’s accounting policies are described below.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

A. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds. The statements distinguish between those activities of the City that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges).

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Fund Types Governmental funds are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund The General Fund accounts 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.

Street Construction and Maintenance Fund The Street Construction and Maintenance Fund is used to account for that portion of the State gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Fire Levy Fund The Fire Levy Fund is used to account for property taxes levied for the payment of salaries and expenses in the fire department.

Capital Improvements Fund The Capital Improvements Fund is used to account for that portion of income taxes designated for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service. The City's proprietary funds are all classified as enterprise funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. All of the City's enterprise funds are major funds.

Water Fund The Water Fund is used to account for the revenues generated from the charges for distribution of water to the residential and commercial users of the City.

Sewer Fund The Sewer Fund is used to account for the revenues generated from the charges for sanitary sewer services provided to the residential and commercial users of the City.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. There are four categories of fiduciary funds: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operations. The City's only fiduciary fund is an agency fund. The agency fund accounts for assets held by the City for distribution to its employees for payroll activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economics resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets. The statement of activities accounts for increases (revenues) and decreases (expenses) in total net assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports in the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for the governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net assets. The statement of changes in revenues, expenses, and changes in fund net assets presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenues, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the 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 an accrual basis, 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 6). Revenue from grants, entitlements and donations are 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 specific purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: municipal income taxes, hotel taxes, charges for services, state-levied locally shared taxes (including gasoline tax and motor vehicle registration fees), interest, grants, fees, and rentals.

Deferred Revenue Deferred revenues arise 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, 2005, but which were levied to finance year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements were met have also been recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures 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.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

E. Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriation resolution is Council's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by Council. The legal level of control has been established by Council at the fund level. The City Auditor has been authorized to allocate appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate in effect when final appropriations for the year were adopted by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriation for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as final budgeted amounts represent the final appropriation amounts passed by Council during the year.

F. 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 "Equity in Pooled Cash and Cash Equivalents".

The City has an account for investments held separate from the City's central bank account. This certificate of deposit is presented as "investments" since it is not deposited into the City's treasury. Monies held for the maintenance of burial lots in the City owned cemetery are included in this account.

During 2005, investments were limited to STAR Ohio and certificates of deposit. Certificates of deposit are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2005.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest is credited to the General Fund; the Economic Development, Fire Levy, and Cemetery Trust Special Revenue Funds; and the Capital Improvements Capital Projects Fund. Interest revenue credited to the General Fund during 2005 amounted to \$38,199, which includes \$29,731 assigned from other City funds.

The City has a segregated bank account for monies used to meet payroll obligations. The bank account is presented in the statement of fiduciary assets and liabilities as "Cash and Cash Equivalents in Segregated Accounts" since it is not deposited into the City's treasury.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

On the financial statements, 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 original maturity of more than three months not purchased from the pool are reported as investments.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2005, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market value as of the date received. The City maintains a capitalization threshold of five hundred dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Land Improvements	15 - 50 Years
Buildings and Improvements	40 - 50 Years
Furniture, Fixtures, and Equipment	5 - 15 Years
Vehicles	5 - 15 Years
Infrastructure	15 - 40 Years

The City's infrastructure consists of State roads, City streets, street signals, and water and sewer systems.

I. Compensated Absences

The City accrues vacation benefits 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 who have worked beyond their one year probationary period.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

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 City employees with at least fifteen years of service.

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not recorded. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

J. Contributions of Capital

Contributions of capital in the proprietary fund financial statements arise from grants or outside contributions of resources for capital acquisition or construction.

K. Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future period. Fund balance reserves have been established for encumbrances, revolving loans, and endowments.

The reserve for revolving loans represents that portion of the revolving loans receivable that is not expected to be collected in the next fiscal year and, therefore, is not available for appropriation.

L. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments of funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

M. Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans and bonds are recognized as a liability on the governmental fund financial statements when due.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

N. Estimates

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 may differ from those estimates.

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, not of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The government-wide statement of net assets reports \$1,005,990 of restricted net assets, of which \$525,396 is restricted by enabling legislation.

Net assets restricted for other purposes include resources restricted for federal and state grants restricted for specific purposes.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for sewer and water utilities. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting the definition are reported as nonoperating.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of City Council and that are either unusual in nature or infrequent in occurrence.

Note 3 – Changes in Accounting Principles

For 2005, the City has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures" and GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and or Insurance Recoveries".

GASB Statement No. 40 establishes new disclosure requirements for risks associated with deposits and investments.

GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.

The implementation of GASB Statement No. 42 did not affect the presentation of the financial statements of the City.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Note 4 – Compliance

The following funds had estimated resources in excess of actual receipts for the year ended December 31, 2005:

	Estimated Resources	Actual Receipts	Excess
State Highway Special Revenue Fund	\$132,445	\$108,732	(\$23,713)
Capital Improvement Capital Projects Fund	343,150	271,046	(72,104)

Note 5 – Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP Basis), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) presented for the General Fund and each major special revenue fund is prepared 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:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Net Change in Fund Balance

	General	Street Construction and Maintenance	Fire Levy
GAAP Basis	\$261,310	\$32,898	\$4,629
Revenue Accruals	9,071	(2,656)	0
Expenditure Accruals	(34,715)	7,825	0
Beginning of the Year:			
Prepaid Items	3,405	0	0
End of Year:			
Unreported Cash	(1,000)		
Prepaid Items	(3,570)	0	0
Encumbrances	(8,163)	0	0
Budget Basis	\$226,338	\$38,067	\$4,629

Note 6 – Deposits and Investments

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the City Council has identified as not required for use within the current five 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 passbook accounts.

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 States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or 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;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio); and,
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,070,384 of the City's bank balance of \$1,170,384 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all 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.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments As of June 30, 2005, the City's investment in STAR Ohio had an average maturity of thirty-nine days and a fair value of \$671,087.

Credit Rate Risk STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard setting service.

Note 7 – Receivables

Receivables at December 31, 2005, consisted primarily of municipal income taxes, property taxes, payments in lieu of taxes, accounts (billings for user fees including unbilled utility services), loans, intergovernmental receivables arising from entitlements and shared revenues, and accrued interest on investments. Loans receivable of \$70,124 and \$19,918 are reported in the Economic Development and Community Development Block Grant Special Revenue Funds, respectively, and represent low interest loans for development projects granted to eligible businesses under the Federal Economic Development Assistance and the Community Development Block Grant Programs. The amount not scheduled for collection during the subsequent year is \$84,382. All other receivables are expected to be collected within one year. Management believes all receivables are fully collectible. No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant.

A. 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 2005 for real and public utility property taxes represent collections of 2004 taxes. Property tax payments received during 2005 for tangible personal property (other than public utility property) are for 2005 taxes.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

2005 real property taxes are levied after October 1, 2005, on assessed value as of January 1, 2005, the lien date. Assessed values are established by State law at thirty-five percent of the appraised market value. 2005 real property taxes are collected in and intended to finance 2006.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2005 public utility property taxes became a lien December 31, 2004, are levied after October 1, 2005, and are collected in 2006 real property taxes.

2005 tangible personal property taxes are levied after October 1, 2004, on the value as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are twenty-five percent of true value for all property except inventory, which has a rate of twenty-three percent.

The full tax rate for all City operations for the year ended December 31, 2005, was \$4.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	\$90,868,270
Public Utility Real Property	14,960
Public Utility Tangible Personal Property	3,320,240
Tangible Personal Property	<u>11,947,394</u>
Total Assessed Value	<u>\$106,150,864</u>

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

The Hocking County Treasurer collects property taxes on behalf of all taxing districts within the 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, 2005, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since current taxes were not levied to finance 2005 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, delinquent collectible property taxes have been recorded as revenue, while the remainder of the receivable has been deferred.

B. Income Taxes

The City levies a municipal income tax of 1.50 percent on substantially all earned income arising from employment, residency, or business activities within the City as well as income of residents earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to the full amount of the tax owed.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual tax payers are required to pay their estimated tax quarterly and file a declaration annually.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Income tax proceeds are to be used for the purposes of general municipal operations, aquatic center operations, maintenance, new equipment, extension and enlargement of municipal services and facilities, and capital improvements of the City of Logan.

C. Payments in Lieu of Taxes

As provided by State law, the City entered into two Tax Increment Financing Agreements in 2002 with Wal-Mart Stores, Inc. and Holiday Inn for the purpose of constructing several retail and commercial centers. To encourage these improvements, the companies were granted an exemption from paying any property taxes on the new construction; however, payments in lieu of taxes are made to the City in an amount equal to the real property taxes that otherwise would have been due in that current year. These payments are being used to finance public improvements and will continue over ten years. There is no provision within the agreement which would allow the property owner to reduce payments to the City due to the changing personal property tax system. The City is not able to record a receivable for all future payments because the payments are based upon projected collections. A receivable has been recorded in the amount of \$192,218 which represents amounts measurable at December 31, 2005.

D. Intergovernmental Receivable

A summary of intergovernmental receivables follows:

Governmental Activities:

Local Government	\$167,830
Estate Tax	102,429
Kilowatt Per Hour	2,082
Homestead and Rollback	19,414
Gasoline Tax	125,222
Motor Vehicle License Tax	33,596
Permissive Tax	2,453
Rural Transit Grant	20,134
State Electric Light	3,123
School Resource Officer Grant	21,182
Federal Emergency Management Agency	24,458
Clean Ohio Grant	28,654
Community Development Block Grant	31,200
Miscellaneous	19,913

Total Governmental Activities 601,690

Business-Type Activities:

Miscellaneous	<u>187</u>
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Total Business-Type Activities 187

Total Intergovernmental Receivables \$601,877

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Note 8- Risk Management

A. Property and Liability

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. The City contracts with Wichert Insurance Services for the following coverage:

Property and Liability	Deductible	Limits of Coverage
Buildings and Contents	\$500	\$17,419,178
Boiler and Machinery	1,000	4,000,000
Employee Dishonesty	0	50,000
Crime Insurance	0	10,000
Employee Benefits Liability	0	1,000,000
Employer's Liability Stop-Gap	0	2,000,000
Law Enforcement Liability	5,000	1,000,000
Public Officials Liability	5,000	1,000,000
Umbrella Coverage	0	1,000,000
Vehicles:		
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	1,000,000

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

B. Workers' Compensation

For 2005, the City participated in the Municipal League of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see Note 18). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating entities is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' 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 formation. The 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. Each year the City pays an enrollment fee to the Plan to cover the costs of administering the program.

The City may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' 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.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Note 9 – Capital Assets

Capital asset activity for the year ended December 31, 2005, was as follows:

	Balance at 12/31/04	Additions	Deductions	Balance at 12/31/05
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$982,863	\$0	\$0	\$982,863
Depreciable Capital Assets:				
Land Improvements	3,975,476	0	0	3,975,476
Buildings and Improvements	1,751,490	0	0	1,751,490
Furniture, Fixtures, and Equipment	1,476,506	35,336	0	1,511,842
Vehicles	1,044,319	776,402	0	1,820,721
City Streets	5,721,131	177,409	0	5,898,540
Street Signals	781,163	10,624	0	791,787
Total Depreciable Capital Assets	14,750,085	999,771	0	15,749,856
Less Accumulated Depreciation:				
Land Improvements	(1,449,731)	(78,069)	0	(1,527,800)
Buildings and Improvements	(595,581)	(36,108)	0	(631,689)
Furniture, Fixtures, and Equipment	(1,095,681)	(58,609)	0	(1,154,290)
Vehicles	(677,382)	(67,682)	0	(745,064)
City Streets	(4,719,940)	(290,492)	0	(5,010,432)
Street Signals	(764,805)	(1,013)	0	(765,818)
Total Accumulated Depreciation	(9,303,120)	(531,973) *	0	(9,835,093)
Total Capital Assets being Depreciated, Net	5,446,965	467,798	0	5,914,763
Governmental Activities Capital Assets, Net	\$6,429,828	\$467,798	\$0	\$6,897,626

*Depreciation expense was charged to governmental programs as follows:

General Government	\$62,012
Security of Persons and Property:	
Police	38,388
Fire	56,669
Transportation	321,711
Leisure Time Activities	38,232
Public Health Services	14,961
Total Depreciation Expense	\$531,973

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

	Balance at 12/31/04	Additions	Deductions	Balance at 12/31/05
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	\$216,600	\$0	\$0	\$216,600
Construction in Progress	0	338,981	0	338,981
Total Capital Assets not being Depreciated	216,600	338,981	0	555,581
Depreciable Capital Assets:				
Land Improvements	61,168	0	0	61,168
Furniture, Fixtures, and Equipment	670,860	21,425	0	692,285
Vehicles	175,618	14,467	0	190,085
Infrastructure	15,579,320	129,057	0	15,708,377
Total Capital Assets being Depreciated	16,486,966	164,949	0	16,651,915
Less Accumulated Depreciation:				
Land Improvements	(47,704)	(1,585)	0	(49,289)
Furniture, Fixtures, and Equipment	(410,765)	(38,676)	0	(449,441)
Vehicles	(104,706)	(18,726)	0	(123,432)
Infrastructure	(4,901,281)	(288,798)	0	(5,190,079)
Total Accumulated Depreciation	(5,464,456)	(347,785)	0	(5,812,241)
Total Capital Assets being Depreciated, Net	11,022,510	(182,836)	0	10,839,674
Business-Type Activities Capital Assets, Net	<u>\$11,239,110</u>	<u>\$156,145</u>	<u>\$0</u>	<u>\$11,395,255</u>

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 pension 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 member and employer 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 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 pension 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 pension 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 St., Columbus, OH 43215-4642 or by calling (614) 222-6701 or 800-222-7377.

For the year ended December 31, 2005, 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 pension 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 2005 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

The City's required contributions for pension obligations to the traditional pension and combined plans for the years ended December 31, 2005, 2004, and 2003, were \$135,545, \$169,400, and \$129,321 respectively; 72.99 percent has been contributed for 2005 and 100 percent for 2004 and 2003. There were no member-directed plan contributions for 2005 for the City of Logan.

B. Ohio Police and Fire 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 pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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 police and firefighters were \$82,518 and \$67,408 for the year ended December 31, 2005, \$80,309 and \$65,602 for the year ended December 31, 2004, and \$78,521 and \$64,143 for the year ended December 31, 2003. The full amount has been contributed for 2004 and 2003. 72.50 percent has been contributed for 2005 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 pension or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) 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 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 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, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 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 between 1.00 and 6.00 annually for the next eight years and 4.00 percent annually after eight years.

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.

As of December 31, 2005, the number of active contributing participants in the traditional pension and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$56,689. Actual contribution and actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

B. Ohio Police and Fire 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 OP&F 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 rate 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 2005. In addition, since July 1, 1992, most retirees and survivors 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 2005 that were used to fund postemployment benefits were \$54,427 for police and \$32,148 for firefighters. The OP&F's total health care expense for the year ended December 31, 2004, (the latest information available) was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004, was 13,812 for police and 10,528 for firefighters.

Note 12- Employee Benefits

A. Insurance

In 2005, the City contracted with United Health Care to provide all employees with \$25,000 each in life and accidental death and dismemberment insurance.

The City provides comprehensive major medical insurance through United Health Care. Monthly premiums are \$365.62 for single coverage and \$977.56 for family coverage. The City pays 90% of the premiums for both single and family plans for the police department, fire department, and non-union employees of the City. The City pays 90.5% for single plans and 93.5% for family plans for those City employees represented by the Ohio Association of Public Service Employees.

B. Compensated Absences

The criteria for determining vested sick leave benefits are derived from negotiated agreements and State laws. Upon retirement, all employees with fifteen or more years of service with the City are paid twenty-five percent of their sick leave up to a maximum accumulation of 480 hours. Upon voluntary termination, death or retirement, all employees will receive 100% of vacation earned and not previously taken.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Note 13 – Capital Leases – Lessee Disclosure

In 2005, the City entered into a capitalized lease agreement for a fire truck. The lease meets the criteria of a capital lease as defined by the Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the fund financial statements. Principal payments made in 2005 totaled \$135,444 in the governmental funds. The capital leases payable have been recorded on the government-wide statements. The agreement provides for minimum annual lease payments as follows:

Fiscal Year	Amount
2006	\$92,917
2007	92,917
2008	92,918
2009	92,917
2010	92,917
2011 - 2013	278,750
Total Minimum Lease Payments	743,336
Less: Amount Representing Interest	(134,373)
Present Value of Net Minimum Lease Payments	\$608,963

The equipment has been capitalized in the amount of \$744,407, the present value of the minimum lease payments at the inception of the lease. The accumulated depreciation as of December 31, 2005, was \$18,610, leaving a remaining book value of \$725,797.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Note 14 – Long Term Obligations

A schedule of changes in long-term obligations of the City during 2005 follows:

	Principal Outstanding 12/31/04	Additions	Deductions	Principal Outstanding 12/31/05	Amounts Due in One Year
Governmental Activities:					
2001 State Infrastructure Bank					
Loan - 3.00%	\$97,644	\$0	\$64,570	\$33,074	\$33,074
2003 Cosper Land Contract - 0.00%	75,000	0	25,000	50,000	25,000
2004 Carper Land Contract - 0.00%	28,000	0	7,000	21,000	7,000
Capital Leases	0	744,407	135,444	608,963	66,873
Compensated Absences	228,351	67,296	41,119	254,528	94,208
Total Governmental Activities	\$428,995	\$811,703	\$273,133	\$967,565	\$226,155
Business-Type Activities:					
1992 OWDA Sewer Plant Improvements					
Loan - 8.31%	\$1,559,443	\$0	\$264,179	\$1,295,264	\$286,133
2003 OWDA Sewer Planning					
Loan - 1.00%	20,789	0	4,815	15,974	5,000
Total OWDA Loans	1,580,232	0	268,994	1,311,238	291,133
2002 Wal-Mart Tax Increment Financing					
Bonds - 4.50%	892,692	0	124,407	768,285	130,132
2003 Holiday Inn Tax Increment Financing					
Bonds - 4.80%	272,633	0	28,708	243,925	30,090
Total Tax Increment Financing Bonds	1,165,325	0	153,115	1,012,210	160,222
1995 Mortgage Revenue Bonds:					
Water System - 5.00%	1,239,200	0	98,500	1,140,700	103,500
Compensated Absences	81,008	10,996	5,924	86,080	30,404
Total Business-Type Activities	\$4,065,765	\$10,996	\$526,533	\$3,550,228	\$585,259

Principal and interest requirements to retire the Sewer Plant Improvements OWDA Loan liability at December 31, 2005, are as follows:

Year Ended December 31,	Principal	Interest	Total
2006	\$286,133	\$107,636	\$393,769
2007	309,910	83,859	393,769
2008	335,664	58,105	393,769
2009	363,557	30,212	393,769
	\$1,295,264	\$279,812	\$1,575,076

The loan, originally issued for \$2,769,311, represents amounts borrowed from the Ohio Water Development Authority for the construction of the wastewater treatment facility. The loan will be paid from the Sewer Enterprise Fund.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

The OWDA Sewer 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 treatment facility. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and will repay the debt. This loan has not been fully drawn down as of December 31, 2005, and therefore, an amortization schedule has not been established.

Principal and interest requirements to retire the Water Enterprise Fund's tax increment financing bonds liabilities at December 31, 2005, are as follows:

Year Ended December 31,	Principal	Interest	Total
2006	\$160,222	\$44,845	\$205,067
2007	167,672	37,395	205,067
2008	175,469	29,599	205,068
2009	183,628	21,440	205,068
2010	192,167	12,901	205,068
2011 - 2012	133,052	5,993	139,045
	<u>\$1,012,210</u>	<u>\$152,173</u>	<u>\$1,164,383</u>

The tax increment financing bonds, originally issued for \$1,500,000, represents amounts issued for the purpose of improving and extending existing water service lines. The bonds will be repaid by property tax revenues through the Water Enterprise Fund.

Principal and interest requirements to retire the City's mortgage revenue bonds outstanding at December 31, 2005, are as follows:

Year Ended December 31,	Principal	Interest	Total
2006	\$103,500	\$57,035	\$160,535
2007	108,700	51,860	160,560
2008	114,000	46,425	160,425
2009	119,700	40,725	160,425
2010	125,700	34,740	160,440
2011 - 2014	569,100	72,870	641,970
	<u>\$1,140,700</u>	<u>\$303,655</u>	<u>\$1,444,355</u>

The mortgage revenue bonds, originally issued for \$2,000,000, represents amounts borrowed from the Farmer's Home Administration for the purpose of improving the water system. The bonds will be repaid from Water Enterprise Fund revenue.

Principal and interest requirements to retire the City's State Infrastructure Bank Loan liability at December 31, 2005, are as follows:

Year Ended December 31,	Principal	Interest	Total
2006	\$33,074	\$537	\$33,611

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Principal requirements to retire the City's Land Contracts outstanding at December 31, 2005, are as follows:

Year Ended December 31,	Principal
2006	\$32,000
2007	32,000
2008	7,000
	<u>\$71,000</u>

The two land contracts, originally issued in the amounts of \$125,000 between the City and Harold Cosper, and \$35,000 between the City and Jerry Carper, represents land purchased for the future construction of a new City Garage. The contracts will be paid from income tax revenues through the Capital Improvements Fund.

Compensated absences will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund, the Street Construction and Maintenance Special Revenue Fund, and the Water and Sewer Enterprise Funds. Capital lease obligations are paid from general property tax revenues from the Fire Levy Special Revenue Fund and from charges for services in the Fire Equipment Capital Projects Fund.

The City's overall legal debt margin was \$11,145,871 at December 31, 2005.

Note 15 – Contractual Commitments

As of December 31, 2005, the City had contractual commitments for the following project:

Project	Fund	Contract Amount	Amount Expended	Balance at 12/31/05
SR 93 Sewer Improvements/ Sludge Retention	Sewer	\$353,637	\$338,981	\$14,656

Note 16 – Interfund Transactions

Transfers made during 2005 were as follows:

Transfer from	Transfer to Other Nonmajor Governmental
General Fund	\$35,163

The General Fund made transfers to the Section 18 and Recreation Special Revenue Funds in the amounts of \$6,000 and \$29,163, respectively, to move unrestricted revenue collected in the General Fund to finance various programs accounted for in these other funds in accordance with budgetary authorizations.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Note 17 – 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 statues. 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.

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 2005, 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.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Note 18 – Insurance Purchasing Pool

The City is a participant in the Municipal League of Ohio 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 19 – Contingent Liabilities

A. Grants

The City received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2005.

B. Litigation

The City is currently not party to any litigation.

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

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Ohio (the City), as of and for the year ended December 31, 2005, which collectively comprise the City of Logan's basic financial statements and have issued our report thereon dated August 10, 2006, wherein we noted the City adopted Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosure*, and GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and or Insurance Recoveries*. 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.

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 opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses.

Compliance and Other Matters

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 2005-001 and 2005-002.

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

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 10, 2006

CITY OF LOGAN, OHIO
Schedule of Findings
For the Year Ended December 31, 2005

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

Finding Number 2005-001

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 more 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 by a material amount in the following funds: State Highway Nonmajor Special Revenue Fund and Capital Improvements Capital Projects 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.

Officials' Response

In the case of the Capital Improvements Fund, we were anticipating a flow through grant payment in the amount of \$45,854. This check is issued directly to the vendor for a grant project. As of year end we had not received the payment notification, however, this payment was made in 2005 and the notice was sent to the city in 2006. This amount was listed as a receivable at year end. In the future we will make a diligent effort to decrease estimated resources that we see are going to be in excess of actual revenue received.

Finding Number 2005-002

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 48.3% 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, 2005

Officials' Response

The City has a written policy passed by council that purchase orders are not required for purchases of less than \$100. In speaking with the audit staff, the majority of our violations fall within this area. We are currently issuing recommendations to our foreman on a monthly basis, if the amount they expend in a given month to a specific vendor exceeds \$100, we are encouraging our foreman to obtain blanket purchase orders for those vendors. We are also using then and now certificates for purchases that did not receive a purchase order in a timely manner.

CITY OF LOGAN, OHIO
Corrective Action Plan
For the Year Ended December 31, 2005

The City has developed the following corrective action plan to address the findings contained in the schedule of findings.

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2005-01	The City Auditor will review the sufficiency of the estimated resources on a more regular basis.	Immediately	Kim Miller, Auditor
2005-02	The City has a purchasing policy in place, which requires properly approved purchase orders for all purchases over \$100. The City Auditor will monitor the purchasing process more closely so that all purchases are properly approved prior to payment being made.	Immediately	Kim Miller, Auditor

CITY OF LOGAN, OHIO
Schedule of Prior Audit Findings
For the Year Ended December 31, 2005

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. ORC 5705.39 - total appropriations shall not exceed total estimated revenue for each fund.	Corrected	N/A



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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 19, 2006**