



***CITY OF LOGAN, OHIO***

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**Hocking County**

**Regular Audit**

**For the Year Ended December 31, 2006**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Mary Taylor, CPA

Auditor of State

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, 2006 through December 31, 2006. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 18, 2007

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**For the Year Ended December 31, 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, 2006, 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, 2006, 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, 2006, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 47, *Accounting for Termination Benefits*.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 19, 2007 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.

July 19, 2007

**City of Logan, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

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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, 2006. 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 2006 are as follows:**

- In total, net assets increased \$636,308. Net assets of governmental activities increased \$150,197 or 1.9 percent from 2005. Net assets of business-type activities increased \$486,111, which represents an 5.5 percent increase from 2005.
- In total, cash and cash equivalents increased \$406,731 or 25.04 percent. Total cash and cash equivalents of governmental activities increased \$336,273 or 36.59 percent, while cash and cash equivalents in our business-type activities increased \$70,458 or 9.99 percent.
- Overall, capital assets decreased \$193,999. Total capital assets of governmental activities decreased \$287,633 or 4.17 percent. Capital assets of business-type activities increased \$93,634 or 0.82 percent. The decrease in capital assets in governmental activities is entirely attributable to depreciation expenses exceeding current year additions. 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 2007.
- 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 \$3,019,511 in revenues and \$2,692,208 in expenditures. The General Fund's balance increased \$311,303. The Street Construction and Maintenance Fund had \$325,344 in revenues and \$283,812 in expenditures. The Street Construction and Maintenance Fund's balance increased by \$41,532. The Fire Levy Fund had \$252,049 in revenues and \$248,413 in expenditures. The Fire Levy Fund's balance increased by \$3,636. The Capital Improvements Fund had \$364,832 in revenues and \$397,682 in expenditures. The Capital Improvements Fund balance decreased \$32,850.
- The City has two business-type activities: the Water and Sewer Funds. The Water Fund had \$1,281,978 in operating revenues and \$1,207,255 in operating expenses. The Water Fund's net asset balance increased \$234,643. The Sewer Fund had \$1,169,777 in operating revenues and \$837,445 in operating expenses. The Sewer Fund's net asset balance increased \$251,468.

## **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*  
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*Unaudited*

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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 2006?" 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 or 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, 2006*  
*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 2006 compared to 2005.

(Table 1)  
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	Restated 2005	2006	Restated 2005	2006	Restated 2005
<b>Assets</b>						
Current and Other Assets	\$2,940,867	\$2,495,482	\$1,351,258	\$1,223,340	\$4,292,125	\$3,718,822
Capital Assets, Net	6,609,993	6,897,626	11,488,889	11,395,255	18,098,882	18,292,881
<i>Total Assets</i>	<u>9,550,860</u>	<u>9,393,108</u>	<u>12,840,147</u>	<u>12,618,595</u>	<u>22,391,007</u>	<u>22,011,703</u>
<b>Liabilities</b>						
Current and Other Liabilities	680,253	555,101	317,795	242,577	998,048	797,678
Long-Term Liabilities:						
Due within One Year	203,414	226,155	652,273	585,259	855,687	811,414
Due in More than One Year	646,554	741,410	2,558,178	2,964,969	3,204,732	3,706,379
<i>Total Liabilities</i>	<u>1,530,221</u>	<u>1,522,666</u>	<u>3,528,246</u>	<u>3,792,805</u>	<u>5,058,467</u>	<u>5,315,471</u>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	6,029,125	6,184,589	8,381,271	7,947,081	14,410,396	14,131,670
Restricted for:						
Perpetual Care:						
Non-Expendable	65,034	65,034	0	0	65,034	65,034
Transportation	303,209	263,248	0	0	303,209	263,248
Police	15,234	31,549	0	0	15,234	31,549
Fire	47,083	34,390	0	0	47,083	34,390
Recreation	60,707	45,533	0	0	60,707	45,533
Capital Projects	338,186	423,699	0	0	338,186	423,699
Other Purposes	177,107	169,032	0	0	177,107	169,032
Unrestricted	984,954	653,368	930,630	878,709	1,915,584	1,532,077
<i>Total Net Assets</i>	<u>\$8,020,639</u>	<u>\$7,870,442</u>	<u>\$9,311,901</u>	<u>\$8,825,790</u>	<u>\$17,332,540</u>	<u>\$16,696,232</u>

Total governmental activities assets increased \$157,752. Cash and cash equivalents increased \$336,273, which is the result of increased property and income tax receipts. Capital assets decreased \$287,633, due to depreciation expenses exceeding current year additions. The City's total governmental activities receivables increased \$109,470. This increase in receivables is due to increases in property and income taxes due from our residents. 2006 was the first full year of collections for the new fire truck levy approved in 2005 and income tax receipts strengthened along with the local economy.

Total governmental activities liabilities decreased \$4,880. Current and other liabilities increased \$112,717. This is entirely due to increases in deferred revenue, again the result of increases in property taxes receivable. This is because only that portion taxes to finance current year operations is recognized as revenue in 2006. The remainder is deferred for collection and recognition in 2007. Long-term liabilities decreased \$117,597 due to the City making required debt service payments.

**City of Logan, Ohio**  
*Management's Discussion and Analysis*  
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*Unaudited*

Total business-type activities assets increased \$221,552. Cash and cash equivalents increased \$70,458, and capital assets increased \$93,634. This is due to the continued cost saving measures undertaken by the City and an increase in capital contributions made to the Water Enterprise Fund. The City's total business-type activities receivables increased \$56,945. This is the result of increases in accounts receivable and revenue in lieu of taxes receivable. The revenue in lieu of taxes is the result of an enterprise zone located at the City's Wal-Mart store that requires the business's in that area a pay for all infrastructure improvements undertaken by the City to service the expanded retail operations at that location.

For business-type activities, current and other liabilities increased \$75,218. This is attributable to increases in contracts payable, the result of the continued construction of the City's new sludge retention and treatment facility. Long-term liabilities decreased \$339,777 due to continued debt service payments made by the City for water and sewer improvements made in previous years at a rate greater than new debt issues.

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

(Table 2)  
 Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	Restated 2005	2006	Restated 2005	2006	Restated 2005
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$284,278	\$314,658	\$2,447,636	\$2,435,110	\$2,731,914	\$2,749,768
Operating Grants, Contributions and Interest	619,947	822,482	0	0	619,947	822,482
Capital Grants and Contributions	1,765	0	258,730	467,356	260,495	467,356
<i>Total Program Revenues</i>	<u>905,990</u>	<u>1,137,140</u>	<u>2,706,366</u>	<u>2,902,466</u>	<u>3,612,356</u>	<u>4,039,606</u>
General Revenues						
Property Taxes	502,460	456,466	0	0	502,460	456,466
Income Taxes	2,310,579	2,209,410	0	0	2,310,579	2,209,410
Grants and Entitlements	538,288	575,373	0	0	538,288	575,373
Interest	76,904	39,938	0	0	76,904	39,938
Other	13,717	20,173	4,119	17,430	17,836	37,603
<i>Total General Revenues</i>	<u>3,441,948</u>	<u>3,301,360</u>	<u>4,119</u>	<u>17,430</u>	<u>3,446,067</u>	<u>3,318,790</u>
<b>Total Revenues</b>	<u>4,347,938</u>	<u>4,438,500</u>	<u>2,710,485</u>	<u>2,919,896</u>	<u>7,058,423</u>	<u>7,358,396</u>
<b>Program Expenses</b>						
General Government	543,713	546,814	0	0	543,713	546,814
Security of Persons and Property:						
Police	1,383,470	1,365,983	0	0	1,383,470	1,365,983
Fire	808,446	738,746	0	0	808,446	738,746
Public Health Services	288,901	224,449	0	0	288,901	224,449
Transportation	974,680	1,144,232	0	0	974,680	1,144,232
Leisure Time Activities	149,061	195,085	0	0	149,061	195,085
Community Environment	17,934	176,158	0	0	17,934	176,158
Basic Utility Services	4,705	14,833	0	0	4,705	14,833
Interest and Fiscal Charges	26,831	31,929	0	0	26,831	31,929
Water	0	0	1,306,065	1,310,217	1,306,065	1,310,217
Sewer	0	0	918,309	913,564	918,309	913,564
<i>Total Program Expenses</i>	<u>4,197,741</u>	<u>4,438,229</u>	<u>2,224,374</u>	<u>2,223,781</u>	<u>6,422,115</u>	<u>6,662,010</u>
<i>Increase in Net Assets</i>	<u>150,197</u>	<u>271</u>	<u>486,111</u>	<u>696,115</u>	<u>636,308</u>	<u>696,386</u>
<i>Net Assets at Beginning of Year</i>	<u>7,870,442</u>	<u>7,870,171</u>	<u>8,825,790</u>	<u>8,129,675</u>	<u>16,696,232</u>	<u>15,999,846</u>
<i>Net Assets at End of Year</i>	<u>\$8,020,639</u>	<u>\$7,870,442</u>	<u>\$9,311,901</u>	<u>\$8,825,790</u>	<u>\$17,332,540</u>	<u>\$16,696,232</u>

**City of Logan, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

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**Governmental Activities**

Program revenues accounted for 20.8 percent of total revenues for governmental activities in 2006. The amount of program revenues decreased substantially by \$231,150, or 20.3 percent. This decrease is primarily related to decreases in Community Block Development Grants, Federal Emergency Management Agency Reimbursements, and a Clean Ohio Grant that was received by the City on 2005 which we did not receive in 2006. These were somewhat offset by increased funding in some state shared revenues, such as gas tax and motor vehicle license tax, but not at a great enough rate to make up the entire shortfall. 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 97.3 percent of general revenues and just over 77 percent of total revenues. The City's general revenues increased \$140,588, or 4.3 percent. This increase is attributable to the 1.5 mill property tax levy that was approved by our residents for collection beginning in November 2005. This increase, in addition to increased income tax receipts, accounts for the total increase in general revenues.

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 52.22 percent of the governmental expenses, a 4 percent increase from the prior year. During 2006, expenses for police and fire operations amounted to \$1,383,470 and \$808,446, 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 23.22 percent of governmental expenses.

General government, public health, parks and recreation, community environment, and basic utility service activities account for most of the remaining 24.56 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 2006, program revenues exceed program expenses by \$481,992 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 \$9.38 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 \$7.25 and \$10.00 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 \$4,354,289 and expenditures of \$3,994,666.

The fund balance of the General Fund increased \$311,303. The General Fund's balance of \$810,143 represented 30.1 percent of current year expenditures. Most of this balance remains in the City's treasury.

The fund balance of the Street Construction and Maintenance Special Revenue Fund increased \$41,532. The Street Construction and Maintenance Fund's unreserved fund balance of \$133,508 represented 47 percent of current year expenditures. The City did complete the Front Street storm sewer project and one paving project in 2006.

**City of Logan, Ohio**  
*Management's Discussion and Analysis*  
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*Unaudited*

The fund balance of the Fire Levy Special Revenue Fund increased \$3,636. The Fire Levy Fund's unreserved fund balance of \$9,795 represented 3.9 percent of current year expenditures.

The fund balance of the Capital Improvements Capital Projects fund decreased \$32,850. The Capital Improvement Fund's balance of \$282,786 represented more than 71.1% of current year expenditures.

During 2006, the Water Fund had operating revenues of \$1,281,978 and operating expenses of \$1,207,255. The Sewer Fund had operating revenues of \$1,169,777 and operating expenses of \$837,445. 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 2006, 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 \$10,399 was made to the original budgeted revenues, mainly due to increased income tax receipts. Final budgeted expenditures also increased \$62,394 over the original amount. The City of Logan's ending unencumbered cash balance in the General Fund was \$353,675 above the final budgeted amount, this is due to the City continuing to make every reasonable effort to hold costs down and maximize the returns the City receives for the monies that are spent.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

(Table 3)  
 Capital Assets at December 31, 2006  
 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$982,863	\$982,863	\$216,600	\$216,600	\$1,199,463	\$1,199,463
Construction in Progress	0	0	511,694	338,981	511,694	338,981
Land Improvements	2,369,911	2,447,676	10,294	11,879	2,380,205	2,459,555
Buildings and Improvements	1,083,693	1,119,801	0	0	1,083,693	1,119,801
Furniture, Fixtures, and Equipment	410,486	357,552	239,105	242,844	649,591	600,396
Vehicles	1,027,369	1,075,657	70,685	66,653	1,098,054	1,142,310
Infrastructure:						
City Streets	708,525	888,108	0	0	708,525	888,108
Street Signals	27,146	25,969	0	0	27,146	25,969
Water System	0	0	3,836,273	3,947,651	3,836,273	3,947,651
Sewer System	0	0	6,604,238	6,570,647	6,604,238	6,570,647
<b>Totals</b>	<b>\$6,609,993</b>	<b>\$6,897,626</b>	<b>\$11,488,889</b>	<b>\$11,395,255</b>	<b>\$18,098,882</b>	<b>\$18,292,881</b>

**City of Logan, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*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, 2006 totaling \$3,688,486 of which \$717,004 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 outstanding Ohio Water Development Authority Loans, one for sewer plant improvements, and one a feasibility study; a Bio Solid Housing Loan for sewer sludge retention and treatment ; 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, 2006

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Water Mortgage Revenue						
Bonds	\$0	\$0	\$1,037,200	\$1,140,700	\$1,037,200	\$1,140,700
Water Tax Incremental						
Financing Bonds	0	0	835,801	1,012,210	835,801	1,012,210
OWDA Loans	0	0	1,020,134	1,311,238	1,020,134	1,311,238
Bio Solid Housing Loan	0	0	214,483	0	214,483	0
State Infrastructure						
Bank Loan	0	33,074	0	0	0	33,074
Land Contracts	41,520	71,000	0	0	41,520	71,000
Capital Leases	539,348	608,963	0	0	539,348	608,963
<b>Totals</b>	<b>\$580,868</b>	<b>\$713,037</b>	<b>\$3,107,618</b>	<b>\$3,464,148</b>	<b>\$3,688,486</b>	<b>\$4,177,185</b>

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 and the Bio Solid Housing Loan 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 \$10,777,878 at December 31, 2006. 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. However, infrastructure improvements and upgrades are continuing. 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, and the Sludge Retention and Treatment Facility, all of which began in 2005 and will be completed in 2007.

**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, 2006*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,255,179	\$775,619	\$2,030,798
Investments in Segregated Accounts	65,034	0	65,034
Accrued Interest Receivable	14,850	0	14,850
Intergovernmental Receivable	473,690	0	473,690
Prepaid Items	3,761	4,506	8,267
Accounts Receivable	8,305	335,133	343,438
Income Taxes Receivable	568,880	0	568,880
Property Taxes Receivable	450,733	0	450,733
Payments in Lieu of Taxes Receivable	0	236,000	236,000
Loans Receivable	100,435	0	100,435
Nondepreciable Capital Assets	982,863	728,294	1,711,157
Depreciable Capital Assets, Net	5,627,130	10,760,595	16,387,725
<i>Total Assets</i>	<u>9,550,860</u>	<u>12,840,147</u>	<u>22,391,007</u>
<b>Liabilities</b>			
Accounts Payable	49,660	28,346	78,006
Contracts Payable	0	129,293	129,293
Accrued Wages Payable	73,387	28,810	102,197
Retainage Payable	0	19,224	19,224
Accrued Interest Payable	1,006	73,024	74,030
Matured Compensated Absences Payable	3,024	0	3,024
Deferred Revenue	418,694	0	418,694
Intergovernmental Payable	134,482	39,098	173,580
Long-Term Liabilities:			
Due within One Year	203,414	652,273	855,687
Due in More than One Year	646,554	2,558,178	3,204,732
<i>Total Liabilities</i>	<u>1,530,221</u>	<u>3,528,246</u>	<u>5,058,467</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	6,029,125	8,381,271	14,410,396
Restricted for:			
Perpetual Care:			
Non-Expendable	65,034	0	65,034
Transportation	303,209	0	303,209
Police	15,234	0	15,234
Fire	47,083	0	47,083
Recreation	60,707	0	60,707
Capital Projects	338,186	0	338,186
Other Purposes	177,107	0	177,107
Unrestricted	984,954	930,630	1,915,584
<i>Total Net Assets</i>	<u>\$8,020,639</u>	<u>\$9,311,901</u>	<u>\$17,332,540</u>

See accompanying notes to the basic financial statements

**City of Logan, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2006

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government	\$543,713	\$25,764	\$7,500	\$0
Security of Persons and Property:				
Police	1,383,470	44,408	67,590	0
Fire	808,446	98,338	25,781	0
Public Health Services	288,901	35,645	2,809	0
Transportation	974,680	25,055	445,658	1,765
Leisure Time Activities	149,061	50,939	56,469	0
Community Environment	17,934	4,129	14,140	0
Basic Utility Services	4,705	0	0	0
Interest and Fiscal Charges	26,831	0	0	0
<i>Total Governmental Activities</i>	<u>4,197,741</u>	<u>284,278</u>	<u>619,947</u>	<u>1,765</u>
<b>Business-Type Activities</b>				
Water	1,306,065	1,281,399	0	258,730
Sewer	918,309	1,166,237	0	0
<i>Total Business-Type Activities</i>	<u>2,224,374</u>	<u>2,447,636</u>	<u>0</u>	<u>258,730</u>
<i>Totals</i>	<u>\$6,422,115</u>	<u>\$2,731,914</u>	<u>\$619,947</u>	<u>\$260,495</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 - Restated (See Note 3)*

*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
(\$510,449)	\$0	(\$510,449)
(1,271,472)	0	(1,271,472)
(684,327)	0	(684,327)
(250,447)	0	(250,447)
(502,202)	0	(502,202)
(41,653)	0	(41,653)
335	0	335
(4,705)	0	(4,705)
(26,831)	0	(26,831)
(3,291,751)	0	(3,291,751)
0	234,064	234,064
0	247,928	247,928
0	481,992	481,992
(3,291,751)	481,992	(2,809,759)
204,547	0	204,547
31,557	0	31,557
266,356	0	266,356
2,071,778	0	2,071,778
238,801	0	238,801
538,288	0	538,288
76,904	0	76,904
13,717	4,119	17,836
3,441,948	4,119	3,446,067
150,197	486,111	636,308
7,870,442	8,825,790	16,696,232
\$8,020,639	\$9,311,901	\$17,332,540

**City of Logan, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2006*

	General	Street Construction and Maintenance	Fire Levy	Capital Improvements	Other Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$686,309	\$133,053	\$9,795	\$224,627	\$201,395
Investments in Segregated Accounts	0	0	0	0	65,034
Receivables:					
Property Taxes	177,201	0	215,040	0	58,492
Income Taxes	455,102	0	0	113,778	0
Accounts	8,305	0	0	0	0
Intergovernmental	274,327	152,846	9,756	1,174	35,587
Loans	0	0	0	0	100,435
Accrued Interest	12,656	0	0	0	2,194
Prepaid Items	3,118	0	0	643	0
<b>Total Assets</b>	<b>\$1,617,018</b>	<b>\$285,899</b>	<b>\$234,591</b>	<b>\$340,222</b>	<b>\$463,137</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$40,402	\$0	\$0	\$5,320	\$3,938
Accrued Wages Payable	65,671	7,046	0	0	670
Matured Compensated Absences Payable	0	3,024	0	0	0
Intergovernmental Payable	118,679	13,578	0	670	1,555
Deferred Revenue	572,875	128,743	224,796	46,707	92,110
<b>Total Liabilities</b>	<b>797,627</b>	<b>152,391</b>	<b>224,796</b>	<b>52,697</b>	<b>98,273</b>
<b>Fund Balances</b>					
Reserved for Encumbrances	9,248	0	0	4,739	8,419
Reserved for Endowments	0	0	0	0	65,034
Reserved for Loans	0	0	0	0	96,768
Unreserved, Undesignated, Reported in:					
General Fund	810,143	0	0	0	0
Special Revenue Funds	0	133,508	9,795	0	190,689
Capital Projects Funds	0	0	0	282,786	3,954
<b>Total Fund Balances</b>	<b>819,391</b>	<b>133,508</b>	<b>9,795</b>	<b>287,525</b>	<b>364,864</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$1,617,018</b>	<b>\$285,899</b>	<b>\$234,591</b>	<b>\$340,222</b>	<b>\$463,137</b>

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, 2006*

<p style="text-align: center;">Total Governmental Funds</p>		<b>Total Governmental Fund Balances</b>	<b>\$1,615,083</b>
		<b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>	
\$1,255,179		Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,609,993
65,034			
450,733		Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:	
568,880		Property Taxes	30,320
8,305		Income Taxes	227,656
473,690		Intergovernmental Revenues	381,136
100,435		Other Revenues	7,425
14,850			646,537
3,761			
\$2,940,867		Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
		Capital Leases Payable	(539,348)
\$49,660		Land Contracts Payable	(41,520)
73,387		Accrued Interest Payable	(1,006)
3,024		Compensated Absences Payable	(269,100)
134,482			(850,974)
1,065,231		Net Assets of Governmental Activities	\$8,020,639
1,325,784			
22,406			
65,034			
96,768			
810,143			
333,992			
286,740			
1,615,083			
\$2,940,867			

**City of Logan, Ohio**  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Governmental Funds*  
For the Year Ended December 31, 2006

	General	Street Construction and Maintenance	Fire Levy	Capital Improvements	Other Governmental Funds
<b>Revenues</b>					
Property Taxes	\$200,624	\$0	\$229,613	\$0	\$61,811
Income Taxes	2,035,531	0	0	229,738	0
Intergovernmental	532,243	321,406	22,436	133,329	145,014
Charges for Services	126,350	0	0	0	124,461
Fines, Licenses, and Permits	33,739	0	0	0	443
Interest	76,904	0	0	1,765	4,291
Gifts and Donations	7,500	0	0	0	56,469
Other	6,620	3,938	0	0	64
<b>Total Revenues</b>	<b>3,019,511</b>	<b>325,344</b>	<b>252,049</b>	<b>364,832</b>	<b>392,553</b>
<b>Expenditures</b>					
Current:					
General Government	464,156	0	0	10,364	0
Security of Persons and Property:					
Police	1,262,318	0	0	28,183	77,461
Fire	508,237	0	158,401	11,347	43,550
Public Health Services	248,834	0	0	5,556	4,522
Transportation	188,449	283,812	0	4,207	164,012
Leisure Time Activities	6,843	0	0	153	102,351
Community Environment	8,787	0	0	196	8,917
Basic Utility Services	4,584	0	0	102	0
Capital Outlay	0	0	0	273,363	0
Debt Service:					
Principal Retirement	0	0	65,921	62,554	3,694
Interest and Fiscal Charges	0	0	24,091	1,657	1,294
<b>Total Expenditures</b>	<b>2,692,208</b>	<b>283,812</b>	<b>248,413</b>	<b>397,682</b>	<b>405,801</b>
<i>Excess of Revenues Over (Under) Expenditures</i>	<b>327,303</b>	<b>41,532</b>	<b>3,636</b>	<b>(32,850)</b>	<b>(13,248)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	0	0	16,000
Transfers Out	(16,000)	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(16,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,000</b>
<b>Net Change in Fund Balance</b>	<b>311,303</b>	<b>41,532</b>	<b>3,636</b>	<b>(32,850)</b>	<b>2,752</b>
<i>Fund Balances at Beginning of Year - Restated (See Note 3)</i>	<b>508,088</b>	<b>91,976</b>	<b>6,159</b>	<b>320,375</b>	<b>362,112</b>
<b>Fund Balances at End of Year</b>	<b>\$819,391</b>	<b>\$133,508</b>	<b>\$9,795</b>	<b>\$287,525</b>	<b>\$364,864</b>

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, 2006*

Total Governmental Funds	<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$326,373</b>
	<b>Amounts reported for governmental activities in the statement of activities are different because</b>	
\$492,048	Governmental funds report capital outlays as expenditures. However,	
2,265,269	in the statement of activities, the cost of those assets is allocated	
1,154,428	over their useful lives as depreciation expense. This is the amount	
250,811	by which depreciation exceeded capital outlay in the current period:	
34,182	Capital Assets Additions	273,363
82,960	Depreciation Expense	(560,996)
63,969		(287,633)
10,622	Revenues in the statement of activities that do not provide current	
	financial resources are not reported as revenues in the funds:	
4,354,289	Property Taxes	10,412
	Income Taxes	45,310
	State Shared Revenues	12,900
	Grants	(65,817)
474,520	Estate Taxes	(11,536)
	Charges for Services	(766)
1,367,962	Fines, Licenses, and Permits	51
721,535	Other Revenue	3,095
258,912		(6,351)
640,480	Repayments of principal is an expenditure in the governmental funds,	
109,347	but the repayment reduces long-term liabilities in the statement	
17,900	of net assets.	132,169
4,686		
273,363	In the statement of activities, interest is accrued on outstanding debt,	
	whereas in governmental funds, interest is expended when due.	211
132,169		
27,042	Some expenses reported in the statement of activities do not	
	require the use of current financial resources and therefore	
4,027,916	are not reported as expenditures in governmental funds:	
	Compensated Absences	(14,572)
326,373	<b>Change in Net Assets of Governmental Activities</b>	<b>\$150,197</b>
16,000		
(16,000)		
0		
326,373		
1,288,710		
\$1,615,083		

**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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$193,792	\$194,488	\$200,662	\$6,174
Income Taxes	1,992,844	2,000,000	2,009,844	9,844
Intergovernmental	514,557	516,404	564,512	48,108
Charges for Services	106,886	107,270	126,364	19,094
Fines, Licenses, and Permits	41,800	41,950	34,945	(7,005)
Interest	34,875	35,000	75,416	40,416
Gifts and Donations	6,477	6,500	8,500	2,000
Other	5,032	5,050	6,685	1,635
<i>Total Revenues</i>	<u>2,896,263</u>	<u>2,906,662</u>	<u>3,026,928</u>	<u>120,266</u>
<b>Expenditures</b>				
Current:				
General Government	510,131	524,227	468,386	55,841
Security of Persons and Property:				
Police	1,334,958	1,362,129	1,278,896	83,233
Fire	509,110	519,419	496,238	23,181
Public Health Services	257,307	262,543	247,573	14,970
Transportation	243,179	248,068	200,331	47,737
Leisure Time Activities	8,507	8,682	7,148	1,534
Community Environemnt	10,046	10,250	8,839	1,411
Basic Utility Services	15,350	15,664	10,162	5,502
<i>Total Expenditures</i>	<u>2,888,588</u>	<u>2,950,982</u>	<u>2,717,573</u>	<u>233,409</u>
<i>Excess of Revenues Over Expenditures</i>	7,675	(44,320)	309,355	353,675
<b>Other Financing Uses</b>				
Transfers Out	<u>(18,977)</u>	<u>(16,000)</u>	<u>(16,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(11,302)	(60,320)	293,355	353,675
<i>Fund Balance at Beginning of Year</i>	363,354	363,354	363,354	0
Prior Year Encumbrances Appropriated	<u>8,163</u>	<u>8,163</u>	<u>8,163</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$360,215</u>	<u>\$311,197</u>	<u>\$664,872</u>	<u>\$353,675</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, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$291,500	\$291,500	\$320,251	\$28,751
Other	1,000	1,000	3,938	2,938
<i>Total Revenues</i>	292,500	292,500	324,189	31,689
<b>Expenditures</b>				
Current:				
Transportation	290,000	290,000	271,734	18,266
<i>Net Change in Fund Balance</i>	2,500	2,500	52,455	49,955
<i>Fund Balance at Beginning of Year</i>	80,598	80,598	80,598	0
<i>Fund Balance at End of Year</i>	<u>\$83,098</u>	<u>\$83,098</u>	<u>\$133,053</u>	<u>\$49,955</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$240,576	\$250,576	\$229,613	(\$20,963)
Intergovernmental	1,224	1,224	22,436	21,212
<i>Total Revenues</i>	<u>241,800</u>	<u>251,800</u>	<u>252,049</u>	<u>249</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Fire	151,788	159,788	158,401	1,387
Debt Service				
Principal Retirement	65,921	65,921	65,921	0
Interest and Fiscal Charges	24,091	24,091	24,091	0
<i>Total Expenditures</i>	<u>241,800</u>	<u>249,800</u>	<u>248,413</u>	<u>1,387</u>
<i>Net Change in Fund Balance</i>	0	2,000	3,636	1,636
<i>Fund Balance at Beginning of Year</i>	<u>6,159</u>	<u>6,159</u>	<u>6,159</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$6,159</u></u>	<u><u>\$8,159</u></u>	<u><u>\$9,795</u></u>	<u><u>\$1,636</u></u>

See accompanying notes to the basic financial statements  
See accountant's compilation report



**City of Logan, Ohio**  
*Statement of Fund Net Assets*  
*Enterprise Funds*  
*December 31, 2006*

	Water	Sewer	Total Enterprise Funds
<b>Assets</b>			
Current :			
Equity in Pooled Cash and Cash Equivalents	\$428,206	\$347,413	\$775,619
Payments in Lieu of Taxes Receivable	236,000	0	236,000
Accounts Receivable	180,554	154,579	335,133
Prepaid Items	3,052	1,454	4,506
<i>Total Current Assets</i>	<u>847,812</u>	<u>503,446</u>	<u>1,351,258</u>
Noncurrent:			
Nondepreciable Capital Assets	84,000	644,294	728,294
Depreciable Capital Assets, Net	3,939,793	6,820,802	10,760,595
<i>Total Noncurrent Assets</i>	<u>4,023,793</u>	<u>7,465,096</u>	<u>11,488,889</u>
<i>Total Assets</i>	<u>4,871,605</u>	<u>7,968,542</u>	<u>12,840,147</u>
<b>Liabilities</b>			
Current:			
Accounts Payable	15,882	12,464	28,346
Contracts Payable	0	129,293	129,293
Accrued Wages Payable	18,044	10,766	28,810
Retainage Payable	0	19,224	19,224
Accrued Interest Payable	29,843	43,181	73,024
Intergovernmental Payable	24,111	14,987	39,098
Tax Incremental Financing Bonds Payable	167,673	0	167,673
Revenue Bonds Payable	108,700	0	108,700
OWDA Loans Payable	0	314,967	314,967
Loans Payable	0	23,963	23,963
Compensated Absences Payable	19,435	17,571	37,006
<i>Total Current Liabilities</i>	<u>383,688</u>	<u>586,416</u>	<u>970,104</u>
Long-Term:			
Tax Incremental Financing Bonds Payable	668,128	0	668,128
Mortgage Revenue Bonds Payable	928,500	0	928,500
OWDA Loans Payable	0	705,203	705,203
Loans Payable	0	190,520	190,520
Compensated Absences Payable	30,899	34,928	65,827
<i>Total Long-Term Liabilities</i>	<u>1,627,527</u>	<u>930,651</u>	<u>2,558,178</u>
<i>Total Liabilities</i>	<u>2,011,215</u>	<u>1,517,067</u>	<u>3,528,282</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	2,150,792	6,230,479	8,381,271
Unrestricted	709,598	221,032	930,630
<i>Total Net Assets</i>	<u>\$2,860,390</u>	<u>\$6,451,511</u>	<u>\$9,311,901</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, 2006

	Water	Sewer	Total Enterprise Funds
<b>Operating Revenues</b>			
Charges for Services	\$1,281,399	\$1,166,237	\$2,447,636
Other Operating Revenues	579	3,540	4,119
<i>Total Operating Revenues</i>	<u>1,281,978</u>	<u>1,169,777</u>	<u>2,451,755</u>
<b>Operating Expenses</b>			
Salaries and Wages	485,316	306,995	792,311
Fringe Benefits	222,296	148,304	370,600
Contractual Services	209,160	117,039	326,199
Materials and Supplies	144,680	59,528	204,208
Depreciation	145,390	205,579	350,969
Other Operating Expenses	413	0	413
<i>Total Operating Expenses</i>	<u>1,207,255</u>	<u>837,445</u>	<u>2,044,700</u>
<i>Operating Income</i>	74,723	332,332	407,055
<b>Non-Operating Expenses</b>			
Interest and Fiscal Charges	<u>(98,810)</u>	<u>(80,864)</u>	<u>(179,674)</u>
<i>Income (Loss) Before Contributions</i>	(24,087)	251,468	227,381
Capital Contributions	<u>258,730</u>	<u>0</u>	<u>258,730</u>
<i>Change in Net Assets</i>	234,643	251,468	486,111
<i>Net Assets at Beginning of Year - Restated (See Note 3)</i>	<u>2,625,747</u>	<u>6,200,043</u>	<u>8,825,790</u>
<i>Net Assets at End of Year</i>	<u><u>\$2,860,390</u></u>	<u><u>\$6,451,511</u></u>	<u><u>\$9,311,901</u></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, 2006**

	Water	Sewer	Total Enterprise Funds
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$1,272,258	\$1,162,215	\$2,434,473
Cash Payments for Employee Services and Benefits	(705,921)	(440,669)	(1,146,590)
Cash Payments to Suppliers for Goods and Services	(355,575)	(173,653)	(529,228)
Other Operating Revenues	579	3,540	4,119
Other Operating Expenses	(413)	0	(413)
<i>Net Cash Provided by Operating Activities</i>	<u>210,928</u>	<u>551,433</u>	<u>762,361</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition of Capital Assets	(41,850)	(314,936)	(356,786)
Proceeds from Loans	0	214,483	214,483
Principal Paid on Debt	(279,909)	(291,104)	(571,013)
Interest Paid on Debt	(101,933)	(91,602)	(193,535)
Capital Contributions	214,948	0	214,948
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(208,744)</u>	<u>(483,159)</u>	<u>(691,903)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	2,184	68,274	70,458
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>426,022</u>	<u>279,139</u>	<u>705,161</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$428,206</u></u>	<u><u>\$347,413</u></u>	<u><u>\$775,619</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
<i>Operating Income</i>	\$74,723	\$332,332	\$407,055
<i>Adjustments:</i>			
Depreciation	145,390	205,579	350,969
<i>(Increase) Decrease in Assets:</i>			
Accounts Receivable	(9,141)	(4,209)	(13,350)
Intergovernmental Receivable	0	187	187
Prepays Items	(252)	(263)	(515)
<i>Increase (Decrease) in Liabilities:</i>			
Accounts Payable	(2,734)	5,258	2,524
Accrued Wages Payable	1,084	1,902	2,986
Compensated Absences Payable	2,518	8,311	10,829
Intergovernmental Payable	(660)	2,336	1,676
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$210,928</u></u>	<u><u>\$551,433</u></u>	<u><u>\$762,361</u></u>

See accompanying notes to the basic financial statements

**City of Logan, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Fund*  
*December 31, 2006*

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**Assets**

Cash and Cash Equivalents in Segregated Accounts	<u><u>\$21,417</u></u>
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**Liabilities**

Due to Others	<u><u>\$21,417</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, 2006*

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**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 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, 2006*

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**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, 2006*

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**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 separate from the City for distribution to either its employees or other governmental agencies 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, 2006*

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***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, 2006, but which were levied to finance year 2007 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, 2006*

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***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 monies held for the maintenance of burial lots in the City owned cemetery which is presented as Investments in Segregated Accounts since it is not part of the City's central bank account

During 2006, 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, 2006.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest is credited to the General Fund; the Economic Development and Cemetery Trust Special Revenue Funds; and the Capital Improvements Capital Projects Fund. Interest revenue credited to the General Fund during 2006 amounted to \$76,904, which includes \$51,645 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, 2006*

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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, 2006, 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 capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital 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 infrastructure 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. The City's infrastructure consists of U.S. and State roads, City streets, street signals, and water and sewer systems. 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

All infrastructure of the City has been reported, including infrastructure acquired or constructed prior to 1980.

**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, 2006*

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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.

***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 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. Internal Activity***

Internal allocations of overhead expenses from one function to another or within the same function are eliminated in the Statement of Activities.

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, bonds, and capital leases 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, 2006*

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***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 \$1,039,810 of restricted net assets, none of which 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 and Restatement of Prior Year Fund Equity**

***A. Changes in Accounting Principles***

For the year ended December 31, 2006, the City implemented GASB Statement No. 47, "Accounting for Termination Benefits". The implementation of this statement had no effect on the financial statements as reported at December 31, 2006.

***B. Restatement of Prior Year Fund Equity***

For the year ended December 31, 2005, there were restatements of net assets due to the incorrect recognition of retainage payable in the Economic Development Special Revenue rather than the Sewer Enterprise Fund. In addition, loans receivable in the Community Development Block Grant Special Revenue Fund was understated at December 31, 2005, due to mathematical errors. The effects of these changes to the financial statements are presented below:

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

	Governmental Activities	Business-Type Activities
Net Asset Balances December 31, 2005	\$7,843,947	\$8,838,225
Retainage Payable Restatement	12,435	(12,435)
Loans Receivable Restatement	14,060	0
Restated Net Asset Balances December 31, 2005	\$7,870,442	\$8,825,790
	Other Governmental Funds	Sewer
Fund Balances December 31, 2005	\$335,617	\$6,212,478
Retainage Payable Restatement	12,435	(12,435)
Loans Receivable Restatement	14,060	0
Restated Fund Balances December 31, 2005	\$362,112	\$6,200,043

**Note 4 – 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.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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

	Net Change in Fund Balance		
	General	Street Construction and Maintenance	Fire Levy
GAAP Basis	\$311,303	\$41,532	\$3,636
Revenue Accruals	6,417	(1,155)	0
Expenditure Accruals	(4,380)	12,078	0
Beginning of the Year:			
Unreported Cash	1,000	0	0
Prepaid Items	3,570	0	0
End of Year:			
Prepaid Items	(3,118)	0	0
Encumbrances	(21,437)	0	0
Budget Basis	\$293,355	\$52,455	\$3,636

**Note 5 – 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;

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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,

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, the carrying amount of the City's deposits was \$1,445,923 and the bank balance was \$1,529,667. Of the bank balance, \$100,000 was covered by Federal depository insurance and \$1,429,667 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 Village 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, 2006, the City's investment in STAR Ohio had an average maturity of thirty-five days and a fair value of \$704,576.

**Credit 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. The City has no investment policy that would further limit its investment choices other than what has been approved by State statute.

#### **Note 6 – Receivables**

Receivables at December 31, 2006, 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 \$66,457 and \$33,978 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 \$96,768. 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 2006 for real and public utility property taxes represent collections of 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) are for 2006 taxes.

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2006 real property taxes are levied after October 1, 2006, on assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at thirty-five percent of the appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

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. 2006 public utility property taxes became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 real property taxes.

2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The full tax rate for all City operations for the year ended December 31, 2006, was \$4.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	\$92,923,010
Public Utility Real Property	\$20,480
Public Utility Tangible Personal Property	3,311,150
Tangible Personal Property	<u>6,391,820</u>
Total Assessed Value	<u><u>\$102,646,460</u></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, 2006, 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 2006 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.



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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 \$236,000 which represents amounts measurable at December 31, 2006.

**D. Intergovernmental Receivable**

A summary of intergovernmental receivables follows:

<b>Governmental Activities:</b>	
Local Government	\$167,830
Estate Tax	56,284
Kilowatt Per Hour	1,666
Homestead and Rollback	19,790
Gasoline Tax	119,888
Motor Vehicle License Tax	29,467
Permissive Tax	15,885
Rural Transit Grant	20,254
State Electric Light	11,736
School Resource Officer Grant	19,423
Miscellaneous	11,467
<b>Total Governmental Activities</b>	<b><u><u>\$473,690</u></u></b>

**Note 7- 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:

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Property and Liability	Deductible	Limits of Coverage
Buildings and Contents	\$500	\$20,024,667
Boiler and Machinery	1,000	4,000,000
Employee Dishonesty	0	50,000
Crime Insurance	0	10,000
Employee Benefits Liability	1,000	1,000,000
Employer's Liability Stop-Gap	0	1,000,000
Law Enforcement Liability	5,000	1,000,000
Public Officials Liability	5,000	2,000,000
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 2006, the City participated in the Ohio Municipal League Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see Note 17). 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.

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**Note 8 – Capital Assets**

Capital asset activity for the year ended December 31, 2006, was as follows:

	Balance at 12/31/05	Additions	Deductions	Balance at 12/31/06
<b>Governmental Activities:</b>				
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	1,511,842	108,881	0	1,620,723
Vehicles	1,820,721	43,728	0	1,864,449
City Streets	5,898,540	118,303	0	6,016,843
Street Signals	791,787	2,451	0	794,238
<b>Total Depreciable Capital Assets</b>	<b>15,749,856</b>	<b>273,363</b>	<b>0</b>	<b>16,023,219</b>
Less Accumulated Depreciation:				
Land Improvements	(1,527,800)	(77,765)	0	(1,605,565)
Buildings and Improvements	(631,689)	(36,108)	0	(667,797)
Furniture, Fixtures, and Equipment	(1,154,290)	(55,947)	0	(1,210,237)
Vehicles	(745,064)	(92,016)	0	(837,080)
City Streets	(5,010,432)	(297,886)	0	(5,308,318)
Street Signals	(765,818)	(1,274)	0	(767,092)
<b>Total Accumulated Depreciation</b>	<b>(9,835,093)</b>	<b>(560,996) *</b>	<b>0</b>	<b>(10,396,089)</b>
<b>Total Capital Assets being Depreciated, Net</b>	<b>5,914,763</b>	<b>(287,633)</b>	<b>0</b>	<b>5,627,130</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$6,897,626</b>	<b>(\$287,633)</b>	<b>\$0</b>	<b>\$6,609,993</b>

\*Depreciation expense was charged to governmental programs as follows:

General Government	\$61,039
Security of Persons and Property:	
Police	40,444
Fire	76,366
Transportation	332,316
Leisure Time Activies	36,154
Public Health Services	14,677
<b>Total Depreciation Expense</b>	<b>\$560,996</b>

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	Balance at 12/31/05	Additions	Deductions	Balance at 12/31/06
<b>Business-Type Activities:</b>				
Capital Assets not being Depreciated:				
Land	\$216,600	\$0	\$0	\$216,600
Construction in Progress	338,981	387,008	214,295	511,694
<b>Total Capital Assets not being Depreciated</b>	<b>555,581</b>	<b>387,008</b>	<b>214,295</b>	<b>728,294</b>
Depreciable Capital Assets:				
Land Improvements	61,168	0	0	61,168
Furniture, Fixtures, and Equipment	692,285	33,368	0	725,653
Vehicles	190,085	24,227	0	214,312
Infrastructure	15,708,377	214,295	0	15,922,672
<b>Total Capital Assets being Depreciated</b>	<b>16,651,915</b>	<b>271,890</b>	<b>0</b>	<b>16,923,805</b>
Less Accumulated Depreciation:				
Land Improvements	(49,289)	(1,585)	0	(50,874)
Furniture, Fixtures, and Equipment	(449,441)	(37,107)	0	(486,548)
Vehicles	(123,432)	(20,195)	0	(143,627)
Infrastructure	(5,190,079)	(292,082)	0	(5,482,161)
<b>Total Accumulated Depreciation</b>	<b>(5,812,241)</b>	<b>(350,969)</b>	<b>0</b>	<b>(6,163,210)</b>
<b>Total Capital Assets being Depreciated, Net</b>	<b>10,839,674</b>	<b>(79,079)</b>	<b>0</b>	<b>10,760,595</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$11,395,255</b>	<b>\$307,929</b>	<b>\$214,295</b>	<b>\$11,488,889</b>

**Note 9 - Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The employer contribution rate for pension benefits for 2006 was 13.7 percent. The Ohio Revised code provides statutory authority for member and employer contributions.

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The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004, were \$149,606, \$135,545, and \$169,400, respectively; 71.47 percent has been contributed for 2006 and 100 percent for 2005 and 2004. There were no member-directed plan contributions for 2006 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 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 19.5 percent for police officers and 24 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$91,183 and \$74,172 for the year ended December 31, 2006, \$82,518 and \$67,408 for the year ended December 31, 2005, and \$80,309 and \$65,602 for the year ended December 31, 2004. The full amount has been contributed for 2005 and 2004. In 2006, 70.68 percent has been contributed for police and 70.15 percent has been contributed for firefighters.

**Note 10 - Postemployment Benefits**

***A. Ohio Public Employees Retirement System***

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. 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 2006 local government employer contribution rate was 13.7 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 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 0.50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. 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, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were 62,662. The actual contribution and the actuarially required contribution amounts are the same. OPER's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

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On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, 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 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 2006 and 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 2006 that were used to fund postemployment health care benefits were \$60,142 for police and \$35,375 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005, (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters

**Note 11- Employee Benefits**

**A. Insurance**

In 2006, 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 \$398.53 for single coverage and \$1,054.54 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. Employees covered by the City's contract with the Ohio Association of Public Service Employees pay \$35.00 for all insurance plans and the City pays the remaining balance.

**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.

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**Note 12 – Capital Leases – Lessee Disclosure**

In previous years, the City had 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 2006 totaled \$69,615 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
2007	\$92,917
2008	92,918
2009	92,917
2010	92,917
2011	92,917
2012-2013	185,834
Total Minimum Lease Payments	650,420
Less: Amount Representing Interest	(111,072)
Present Value of Net Minimum Lease Payments	\$539,348

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, 2006, was \$55,830, leaving a remaining book value of \$688,577.

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**Note 13 – Long - Term Obligations**

A schedule of changes in long-term obligations of the City during 2006 follows:

	Principal Outstanding 12/31/05	Additions	Deductions	Principal Outstanding 12/31/06	Amounts Due in One Year
<b>Governmental Activities:</b>					
2001 State Infrastructure Bank					
Loan - 3.00%	\$33,074	\$0	\$33,074	\$0	\$0
2003 Cosper Land Contract - 0.00%	50,000	0	25,000	25,000	25,000
2004 Carper Land Contract - 0.00%	21,000	0	4,480	16,520	6,174
Capital Leases	608,963	0	69,615	539,348	70,527
Compensated Absences	254,528	45,187	30,615	269,100	101,713
<b>Total Governmental Activities</b>	<b>\$967,565</b>	<b>\$45,187</b>	<b>\$162,784</b>	<b>\$849,968</b>	<b>\$203,414</b>
<b>Business-Type Activities:</b>					
1992 OWDA Sewer Plant Improvements					
Loan - 8.31%	\$1,295,264	\$0	\$286,133	\$1,009,131	\$309,910
2003 OWDA Sewer Planning					
Loan - 1.00%	15,974	0	4,971	11,003	5,021
<b>Total OWDA Loans</b>	<b>1,311,238</b>	<b>0</b>	<b>291,104</b>	<b>1,020,134</b>	<b>314,931</b>
2002 Wal-Mart Tax Increment Financing					
Bonds - 4.50%	768,285	0	146,310	621,975	136,121
2003 Holiday Inn Tax Increment Financing					
Bonds - 4.80%	243,925	0	30,099	213,826	31,552
<b>Total Tax Increment Financing Bonds</b>	<b>1,012,210</b>	<b>0</b>	<b>176,409</b>	<b>835,801</b>	<b>167,673</b>
1995 Revenue Bonds:					
Water System - 5.00%	1,140,700	0	103,500	1,037,200	108,700
2006 Bio Solids Housing Loan - 5.15%	0	214,483	0	214,483	23,963
Compensated Absences	86,080	25,115	8,362	102,833	37,006
<b>Total Business-Type Activities</b>	<b>\$3,550,228</b>	<b>\$239,598</b>	<b>\$579,375</b>	<b>\$3,210,451</b>	<b>\$652,273</b>

Principal requirements to retire the City's Land Contracts outstanding at December 31, 2006, are as follows:

Year Ended December 31,	Principal
2007	\$31,174
2008	6,483
2009	3,863
	<u>\$41,520</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.



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Principal and interest requirements to retire the Sewer Plant Improvements OWDA Loan liability at December 31, 2006, are as follows:

Year Ended December 31,	Principal	Interest	Total
2007	\$309,910	\$83,859	\$393,769
2008	335,664	58,105	393,769
2009	363,557	30,212	393,769
	<u>\$1,009,131</u>	<u>\$172,176</u>	<u>\$1,181,307</u>

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

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, 2006, and the only payments that have been made are for capitalized interest, 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, 2006, are as follows:

Year Ended December 31,	Principal	Interest	Total
2007	\$167,673	\$37,395	\$205,068
2008	175,468	29,599	205,067
2009	183,628	21,440	205,068
2010	192,167	12,901	205,068
2011	76,889	6,315	83,204
2012	39,976	4,744	44,720
	<u>\$835,801</u>	<u>\$112,394</u>	<u>\$948,195</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 revenue bonds outstanding at December 31, 2006, are as follows:

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

Year Ended December 31,	Principal	Interest	Total
2007	\$108,700	\$57,035	\$165,735
2008	114,000	51,860	165,860
2009	119,700	46,425	166,125
2010	125,700	40,725	166,425
2011	132,000	34,740	166,740
2012-2014	437,100	72,870	509,970
	<u>\$1,037,200</u>	<u>\$303,655</u>	<u>\$1,340,855</u>

The 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 revenues derived from the operations of the City's water system.

The Bio Solid Housing Loan, authorized in the amount of \$525,000, is being used to construct the City's new sludge retention and processing facility. As of December 31, 2006, \$214,483 of the loan had been drawn down, the remaining portion will be incurred in 2007. The loan will be retired from Sewer Enterprise Fund revenue. Due to the fact that this loan has not been drawn down, an amortization schedule has not been established.

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 \$10,777,878 at December 31, 2006.

**Note 14 – Contractual Commitments**

As of December 31, 2006, the City had contractual commitments for the Sewer's sludge retention and treatment facility:

Vendor	Fund	Contract Amount	Amount Expended	Balance at 12/31/2006
Sludge Retention and Processing Facility	Sewer	\$655,100	\$475,635	\$179,465

**Note 15 – Interfund Transactions**

The General Fund made transfers to the Section 18 and Recreation Special Revenue Funds in the amounts of \$6,000 and \$10,000, respectively. The transfers were used to move unrestricted revenue collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 16 – Jointly Governed Organizations**

***A. Hocking Metropolitan Housing Authority***

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

***B. Hocking County Council on Aging, Incorporated***

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

***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 2006, 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, 2006*

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**Note 17 – Insurance Purchasing Pool**

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

**Note 18 – Contingent Liabilities**

**A. 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, 2006.

**B. Litigation**

The City is currently not party to any litigation.

**Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by  
Government Auditing Standards**

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

We have audited the accompanying financial statements of the City of Logan, Hocking County, Ohio (the City), as of and for the years ended December 31, 2006, and have issued our report thereon dated July 19, 2007, wherein we noted that the City adopted Governmental Accounting Standards Board (GASB) Statement No. 47, *Accounting for Termination Benefits*. 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

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

Members of Council  
City of Logan, Hocking County  
Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by  
Government Auditing Standards

### **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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the Members of Council, management, and audit committee, 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 AND ASSOCIATES, INC.

July 19, 2007

**CITY OF LOGAN, OHIO**  
**Schedule of Prior Audit Findings**  
**For the Year Ended December 31, 2006**

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Description	Status	Comments
<b>Government Auditing Standards:</b>		
1. ORC 5705.36 - estimated resources should not exceed actual revenue.	Corrected	N/A
2. ORC 5705.41(D) - no purchase is to be made without a certificate of the fiscal officer saying the amount has been appropriated.	Corrected	N/A







**Mary Taylor, CPA**  
Auditor of State

**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 2, 2007**