

**CITY OF LOGAN
HOCKING COUNTY, OHIO**

Basic Financial Statements
(Audited)

For The Year Ended
December 31, 2009

KIM MILLER, CITY AUDITOR



Mary Taylor, CPA
Auditor of State

Members of Council and Mayor
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 Julian & Grube, Inc., for the audit period January 1, 2009 through December 31, 2009. 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

August 6, 2010

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**CITY OF LOGAN
HOCKING COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Logan, Hocking County, Ohio, as of and for the year ended December 31, 2009, which collectively comprise the City of Logan's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Logan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Hocking County, Ohio, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund, the community development block grant fund and fire levy fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 3, the City has reported a prior period adjustment to its Business-Type fund and Water fund net assets at December 31, 2008 due to a change in interpretation by GASB.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2010, on our consideration of the City of Logan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Julian & Grube, Inc.

Julian & Grube, Inc.
June 25, 2010

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

The discussion and analysis of the City of Logan's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2009. 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 2009 are as follows:

- In total, net assets increased \$1,297,490. Net assets of governmental activities increased \$513,597 or 5.9 percent from 2008. Net assets of business-type activities increased \$783,893, which represents a 7.7 percent increase from 2008.
- In total, assets increased \$967,115. Governmental activities increased \$472,462; the business-type activities assets increased \$494,653.
- Overall, capital assets increased \$668,082. Total capital assets of governmental activities increased \$183,831, or 2.8 percent. Capital assets of business-type activities increased \$484,251, or 4.2 percent.
- In total, liabilities decreased \$330,375. Total liabilities of governmental activities decreased \$41,135. Total liabilities of business-type activities decreased \$289,240 from 2008.

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.

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 2009?" 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.

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
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In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities:

- **Governmental Activities** – Most of the City's services are reported here including police, fire, administration, and all departments with the exception of our Water and Sewer Funds.
- **Business-Type Activities** – Water and sewer services have charges based on the amounts of usage. The City charges fees to recoup the cost of the entire operation of our water and sewer treatment plants as well as all capital expenditures 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, Community Development Block Grant, 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, 2009
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 2009 compared to 2008.

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	Restated 2008	2009	Restated 2008
Assets						
Current and Other Assets	\$3,807,911	\$3,519,280	\$1,334,199	\$1,323,797	\$5,142,110	\$4,843,077
Capital Assets, Net	6,804,589	6,620,758	11,983,163	11,498,912	18,787,752	18,119,670
<i>Total Assets</i>	<u>10,612,500</u>	<u>10,140,038</u>	<u>13,317,362</u>	<u>12,822,709</u>	<u>23,929,862</u>	<u>22,962,747</u>
Liabilities						
Current and Other Liabilities	704,746	655,984	293,139	171,224	997,885	827,208
Long-Term Liabilities:						
Due within One Year	170,514	177,267	389,469	783,447	559,983	960,714
Due in More than One Year	500,080	583,224	1,685,168	1,702,345	2,185,248	2,285,569
<i>Total Liabilities</i>	<u>1,375,340</u>	<u>1,416,475</u>	<u>2,367,776</u>	<u>2,657,016</u>	<u>3,743,116</u>	<u>4,073,491</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	6,427,199	6,141,928	10,039,278	9,298,798	16,466,477	15,440,726
Restricted for:						
Perpetual Care:						
Non-Expendable	65,034	65,034	0	0	65,034	65,034
Police	42,897	37,550	0	0	42,897	37,550
Fire	100,246	98,173	0	0	100,246	98,173
Transportation	176,594	150,450	0	0	176,594	150,450
Recreation	13,457	20,003	0	0	13,457	20,003
Capital Projects	354,981	394,668	0	0	354,981	394,668
Other Purposes	724,955	380,385	0	0	724,955	380,385
Unrestricted	1,331,797	1,435,372	910,308	866,895	2,242,105	2,302,267
<i>Total Net Assets</i>	<u>\$9,237,160</u>	<u>\$8,723,563</u>	<u>\$10,949,586</u>	<u>\$10,165,693</u>	<u>\$20,186,746</u>	<u>\$18,889,256</u>

Total governmental activities assets increased \$472,462. Cash and cash equivalents decreased \$151,022, which is the result of increased operational costs. Capital assets increased \$183,831, due to increased street paving projects. In addition, the City's receivables from other governments increased \$368,876, the result of Housing Investment Partnership and Community Housing Improvement Program grants. Income and property tax receivables increased \$57,246 and \$35,737, respectively, which are the result State Route 33 Bypass project which began in 2009 and brought a much needed boost to our local economy.

Total governmental activities liabilities decreased \$41,135. Current and other liabilities increased \$48,762. This is attributable to increases in accounts payable, accrued wages, intergovernmental payable, and deferred revenue. Long-term liabilities decreased \$89,897 as the City continued to make required debt service payments.

Total business-type activities assets increased \$494,653. Cash and cash equivalents decreased \$19,747, and capital assets and business-type activities receivables increased \$484,251 and \$30,149, respectively. The change in capital assets is entirely due to the beginning of the construction of a new wastewater treatment facility and the State Route 93 North sewer extension.

City of Logan, Ohio
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For business-type activities, liabilities decreased \$289,240. This is attributable to reductions to long-term liabilities and accrued interest payable of \$411,155 and \$46,028, respectively, combined with increases in contracts payable of \$154,732. The reductions in long-term liabilities and accrued interest payable are 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 issued. Additionally, the increase in contracts payable is directly attributable to the wastewater treatment facility and State Route 93 North sewer extension construction projects.

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

(Table 2)
 Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	Restated 2008	2009	Restated 2008
Revenues						
Program Revenues						
Charges for Services	\$339,523	\$318,694	\$2,516,900	\$2,515,784	\$2,856,423	\$2,834,478
Operating Grants, Contributions and Interest	1,221,056	859,382	0	0	1,221,056	859,382
Capital Grants and Contributions	409,875	14,659	526,836	0	936,711	14,659
<i>Total Program Revenues</i>	<u>1,970,454</u>	<u>1,192,735</u>	<u>3,043,736</u>	<u>2,515,784</u>	<u>5,014,190</u>	<u>3,708,519</u>
General Revenues						
Property Taxes	466,970	463,265	0	0	466,970	463,265
Income Taxes	2,512,833	2,398,986	0	0	2,512,833	2,398,986
Grants and Entitlements	378,289	519,531	0	0	378,289	519,531
Interest	23,427	66,345	0	52,826	23,427	119,171
Donations	0	1,250	0	0	0	1,250
Other	21,095	21,116	3,764	2,103	24,859	23,219
<i>Total General Revenues</i>	<u>3,402,614</u>	<u>3,470,493</u>	<u>3,764</u>	<u>54,929</u>	<u>3,406,378</u>	<u>3,525,422</u>
Total Revenues	<u>5,373,068</u>	<u>4,663,228</u>	<u>3,047,500</u>	<u>2,570,713</u>	<u>8,420,568</u>	<u>7,233,941</u>
Program Expenses						
General Government	909,099	587,366	0	0	909,099	587,366
Security of Persons and Property:						
Police	1,596,028	1,395,285	0	0	1,596,028	1,395,285
Fire	905,333	826,356	0	0	905,333	826,356
Public Health Services	306,604	303,184	0	0	306,604	303,184
Transportation	650,021	779,649	0	0	650,021	779,649
Leisure Time Activities	100,395	122,181	0	0	100,395	122,181
Community Environment	372,481	44,552	0	0	372,481	44,552
Basic Utility Services	2,959	2,798	0	0	2,959	2,798
Interest and Fiscal Charges	16,551	20,727	0	0	16,551	20,727
Water	0	0	1,368,155	1,398,542	1,368,155	1,398,542
Sewer	0	0	895,452	995,755	895,452	995,755
<i>Total Program Expenses</i>	<u>4,859,471</u>	<u>4,082,098</u>	<u>2,263,607</u>	<u>2,394,297</u>	<u>7,123,078</u>	<u>6,476,395</u>
<i>Increase in Net Assets</i>	<u>513,597</u>	<u>581,130</u>	<u>783,893</u>	<u>176,416</u>	<u>1,297,490</u>	<u>757,546</u>
<i>Net Assets at Beginning of Year</i>	<u>8,723,563</u>	<u>8,142,433</u>	<u>10,165,693</u>	<u>9,989,277</u>	<u>18,889,256</u>	<u>18,131,710</u>
<i>Net Assets at End of Year</i>	<u>\$9,237,160</u>	<u>\$8,723,563</u>	<u>\$10,949,586</u>	<u>\$10,165,693</u>	<u>\$20,186,746</u>	<u>\$18,889,256</u>

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Governmental Activities

Program revenues accounted for 36.7 percent of total revenues for governmental activities in 2009. The amount of program revenues increased \$777,719, or 65.2 percent. This increase is primarily related to new Community Block Development Grant funding made available to the City for its down payment assistance and the homeowner rehabilitation assistance through the Deferred Housing Program. These were offset in part by decreased funding in state shared revenues, including gas tax and motor vehicle license tax. Governmental activities services are primarily funded through general revenues, those basically being property taxes, income taxes, and State shared revenues. These revenue sources make up 98.7 percent of general revenues and 62.5 percent of total revenues. The City's general revenues decreased \$67,879, or 2.0 percent. This decrease is attributable to state shared revenue funding reductions and decreased interest receipts, due to lower interest rates.

The City continues to work very hard to increase the 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 with revenues.

Security of persons and property is a major activity of the City, generating 51.5 percent of the governmental expenses. During 2009, expenses for police and fire operations amounted to \$1,596,028 and \$905,333, 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 13.4 percent of governmental expenses.

General government, public health, parks and recreation, community environment, and basic utility service activities account for the remaining 35.1 percent of governmental expenditures.

During the year, the City experienced changes in the following: a 14.0 percent increase in employee insurance costs, a 5.7 increase in personnel costs, and increases in utility and fuel costs.

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 2009, program revenues exceed program expenses by \$780,129 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 \$5.39 and \$5.37, respectively, for the first 2,000 gallons. Water and sewer rates for two surrounding communities are \$5.63 and \$6.16 for water and \$5.70 and \$6.32 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 \$5,113,053 and expenditures of \$5,132,666.

The fund balance of the General Fund increased \$20,681. The General Fund's balance of \$1,221,431 represented 37.7 percent of current year expenditures. Most of this balance remains in the City's treasury.

The fund balance of the Community Development Block Grant Special Revenue Fund decreased \$61,762. The Community Development Block Grant Fund's unreserved fund balance of \$190,089 represented 64.4 percent of current year expenditures.

City of Logan, Ohio
Management's Discussion and Analysis
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The fund balance of the Fire Levy Special Revenue Fund decreased \$13,601. The Fire Levy Fund's unreserved fund balance of \$17,035 represented 5.9 percent of current year expenditures.

The fund balance of the Capital Improvements Capital Projects fund increased \$2,468. The Capital Improvement Fund's balance of \$289,323 represented more than 39.4 percent of current year expenditures.

During 2009, the Water Fund had operating revenues of \$1,283,431 and operating expenses of \$1,341,815. The Sewer Fund had operating revenues of \$1,237,233 and operating expenses of \$850,571. Water and sewer rates last increased 3 percent on July 1, 2009.

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 2009, 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, no changes were required for budgeted revenues. Final budgeted expenditures were increased \$26,400 over the original amount. The City of Logan's ending unencumbered cash balance in the General Fund was \$255,528 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, 2009
 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$982,863	\$982,863	\$216,600	\$216,600	\$1,199,463	\$1,199,463
Construction in Progress	0	0	860,136	49,801	860,136	49,801
Land Improvements	2,272,318	2,352,184	5,539	7,124	2,277,857	2,359,308
Buildings and Improvements	977,259	1,013,295	0	0	977,259	1,013,295
Furniture, Fixtures, and Equipment	457,630	495,067	246,852	245,758	704,482	740,825
Vehicles	942,902	972,532	21,238	33,986	964,140	1,006,518
Infrastructure:						
City Streets	1,148,440	780,317	0	0	1,148,440	780,317
Street Signals	23,177	24,500	0	0	23,177	24,500
Water System	0	0	3,536,613	3,644,827	3,536,613	3,644,827
Sewer System	0	0	7,096,185	7,300,816	7,096,185	7,300,816
Totals	\$6,804,589	\$6,620,758	\$11,983,163	\$11,498,912	\$18,787,752	\$18,119,670

City of Logan, Ohio
Management's Discussion and Analysis
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The assets of the City are reported at historical cost, net of depreciation. For additional information on capital assets, see Note 9 to the basic financial statements.

Debt

The City had four bond issues, as well as various loans, and two capital leases payable at December 31, 2009, totaling \$2,321,275, of which \$420,362 is due within one year. Of the City's outstanding bonds, one is for water system improvements, one for sewer extensions, and two tax incremental financing bonds are for water service extensions. In addition, the City has one outstanding Ohio Water Development Authority Loan for a new wastewater treatment facility; a Bio Solid Housing Loan for sewer sludge retention and treatment ; and capital leases for the purchase of a fire truck and fire equipment.

(Table 4)
 Outstanding Debt at December 31, 2009

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Water Revenue Bonds	\$0	\$0	\$694,800	\$814,500	\$694,800	\$814,500
Water Tax Incremental Financing Bonds	0	0	177,248	413,969	177,248	413,969
OWDA Loans	0	0	402,329	395,812	402,329	395,812
Bio Solid Housing Loan	0	0	429,903	458,911	429,903	458,911
Sewer Revenue Bonds	0	0	239,605	270,000	239,605	270,000
Land Contracts	0	3,863	0	0	0	3,863
Capital Leases	377,390	474,967	0	0	377,390	474,967
Totals	\$377,390	\$478,830	\$1,943,885	\$2,353,192	\$2,321,275	\$2,832,022

The water revenue and the tax incremental financing bonds are being paid from charges for services and payments in lieu of taxes revenue in the Water Fund. The sewer revenue bond, the OWDA loan, and the Bio Solid Housing Loan are being paid from charges for services in the Sewer Fund. The capital lease will be paid from property tax receipts in the Fire Levy Special Revenue Fund and from charges for services in the Fire Equipment Capital Projects Fund.

The City's overall legal debt margin was \$11,854,194 at December 31, 2009. For additional information on the City's debt, see Notes 13 and 18 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. Improvements such as the State Route 93 Sewer Extension Project which will be completed in 2009, as well as the construction of a new wastewater treatment facility, which is scheduled to be completed in 2011.

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, 2009

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,594,544	\$734,488	\$2,329,032
Investments in Segregated Accounts	65,034	0	65,034
Accrued Interest Receivable	3,721	0	3,721
Intergovernmental Receivable	856,038	75,561	931,599
Accounts Receivable	10,666	371,050	381,716
Income Taxes Receivable	616,182	0	616,182
Property Taxes Receivable	450,260	0	450,260
Payments in Lieu of Taxes Receivable	0	153,100	153,100
Loans Receivable	211,466	0	211,466
Nondepreciable Capital Assets	982,863	1,076,736	2,059,599
Depreciable Capital Assets, Net	5,821,726	10,906,427	16,728,153
<i>Total Assets</i>	<u>10,612,500</u>	<u>13,317,362</u>	<u>23,929,862</u>
Liabilities			
Accounts Payable	63,701	41,582	105,283
Contracts Payable	0	154,895	154,895
Accrued Wages Payable	111,521	44,685	156,206
Accrued Interest Payable	2,530	23,631	26,161
Intergovernmental Payable	142,429	28,346	170,775
Deferred Revenue	384,565	0	384,565
Long-Term Liabilities:			
Due within One Year	170,514	389,469	559,983
Due in More than One Year	500,080	1,685,168	2,185,248
<i>Total Liabilities</i>	<u>1,375,340</u>	<u>2,367,776</u>	<u>3,743,116</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	6,427,199	10,039,278	16,466,477
Restricted for:			
Perpetual Care:			
Non-Expendable	65,034	0	65,034
Police	42,897	0	42,897
Fire	100,246	0	100,246
Transportation	176,594	0	176,594
Recreation	13,457	0	13,457
Capital Projects	354,981	0	354,981
Other Purposes	724,955	0	724,955
Unrestricted	1,331,797	910,308	2,242,105
<i>Total Net Assets</i>	<u>\$9,237,160</u>	<u>\$10,949,586</u>	<u>\$20,186,746</u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
Statement of Activities
For the Year Ended December 31, 2009

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Governmental Activities				
General Government	\$909,099	\$11,399	\$0	\$138
Security of Persons and Property:				
Police	1,596,028	102,920	100,958	0
Fire	905,333	140,752	72,809	0
Public Health Services	306,604	34,766	0	0
Transportation	650,021	4,069	342,333	338,618
Leisure Time Activities	100,395	43,326	0	19,174
Community Environment	372,481	2,241	704,956	51,945
Basic Utility Services	2,959	50	0	0
Interest and Fiscal Charges	16,551	0	0	0
<i>Total Governmental Activities</i>	<u>4,859,471</u>	<u>339,523</u>	<u>1,221,056</u>	<u>409,875</u>
Business-Type Activities				
Water	1,368,155	1,280,113	0	151,962
Sewer	895,452	1,236,787	0	374,874
<i>Total Business-Type Activities</i>	<u>2,263,607</u>	<u>2,516,900</u>	<u>0</u>	<u>526,836</u>
Totals	<u>\$7,123,078</u>	<u>\$2,856,423</u>	<u>\$1,221,056</u>	<u>\$936,711</u>

General Revenues

- Property Taxes Levied for:
 - General Purposes
 - 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
(\$897,562)	\$0	(\$897,562)
(1,392,150)	0	(1,392,150)
(691,772)	0	(691,772)
(271,838)	0	(271,838)
34,999	0	34,999
(37,895)	0	(37,895)
386,661	0	386,661
(2,909)	0	(2,909)
(16,551)	0	(16,551)
(2,889,017)	0	(2,889,017)
0	63,920	63,920
0	716,209	716,209
0	780,129	780,129
(2,889,017)	780,129	(2,108,888)
201,617	0	201,617
30,607	0	30,607
234,746	0	234,746
2,317,443	0	2,317,443
195,390	0	195,390
378,289	0	378,289
23,427	0	23,427
21,095	3,764	24,859
3,402,614	3,764	3,406,378
513,597	783,893	1,297,490
8,723,563	10,165,693	18,889,256
<u>\$9,237,160</u>	<u>\$10,949,586</u>	<u>\$20,186,746</u>

City of Logan, Ohio
Balance Sheet
Governmental Funds
December 31, 2009

	General	Community Development Block Grant	Fire Levy	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$1,066,818	\$5,317	\$17,035	\$250,874	\$254,500	\$1,594,544
Investments in Segregated Accounts	0	0	0	0	65,034	65,034
Receivables:						
Accrued Interest	3,218	0	0	0	503	3,721
Intergovernmental	214,928	471,500	13,199	8	156,403	856,038
Accounts	10,666	0	0	0	0	10,666
Income Taxes	554,563	0	0	61,619	0	616,182
Property Taxes	185,030	0	203,850	0	61,380	450,260
Loans	0	189,772	0	0	21,694	211,466
Total Assets	\$2,035,223	\$666,589	\$234,084	\$312,501	\$559,514	\$3,807,911
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$57,880	\$5,000	\$0	\$445	\$376	\$63,701
Accrued Wages Payable	95,619	0	0	0	15,902	111,521
Intergovernmental Payable	132,554	0	0	670	9,205	142,429
Deferred Revenue	527,739	471,500	217,049	22,063	191,284	1,429,635
Total Liabilities	813,792	476,500	217,049	23,178	216,767	1,747,286
Fund Balances						
Reserved for Encumbrances	104,469	0	0	0	7,501	111,970
Reserved for Endowments	0	0	0	0	65,034	65,034
Reserved for Loans	0	171,899	0	0	18,027	189,926
Unreserved, Undesignated, Reported in:						
General Fund	1,116,962	0	0	0	0	1,116,962
Special Revenue Funds	0	18,190	17,035	0	208,590	243,815
Capital Projects Funds	0	0	0	289,323	43,595	332,918
Total Fund Balances	1,221,431	190,089	17,035	289,323	342,747	2,060,625
Total Liabilities and Fund Balances	\$2,035,223	\$666,589	\$234,084	\$312,501	\$559,514	\$3,807,911

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, 2009*

Total Governmental Fund Balances		\$2,060,625
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,804,589
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:		
Property Taxes	64,680	
Income Taxes	220,537	
Intergovernmental Revenues	749,078	
Other Revenues	<u>10,775</u>	1,045,070
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Leases Payable	(377,390)	
Accrued Interest Payable	(2,530)	
Compensated Absences Payable	<u>(293,204)</u>	<u>(673,124)</u>
 <i>Net Assets of Governmental Activities</i>		 <u><u>\$9,237,160</u></u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Community Development Block Grant	Fire Levy	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$191,527	\$0	\$193,714	\$0	\$57,806	\$443,047
Income Taxes	2,428,333	0	0	250,679	0	2,679,012
Intergovernmental	481,092	233,456	64,095	420,342	408,344	1,607,329
Charges for Services	154,763	0	15,000	0	57,066	226,829
Fines, Licenses, and Permits	67,837	0	0	0	44,857	112,694
Interest	23,427	0	0	138	0	23,565
Donations	8,275	0	0	0	0	8,275
Other	9,338	0	0	0	2,964	12,302
Total Revenues	3,364,592	233,456	272,809	671,159	571,037	5,113,053
Expenditures						
Current:						
General Government	609,678	0	0	233,302	0	842,980
Security of Persons and Property:						
Police	1,508,470	0	0	0	34,620	1,543,090
Fire	575,187	0	181,410	0	59,842	816,439
Public Health Services	289,267	0	0	0	154	289,421
Transportation	239,426	0	0	0	342,587	582,013
Leisure Time Activities	0	0	0	0	67,872	67,872
Community Environment	10,924	295,218	0	0	67,959	374,101
Basic Utility Services	2,959	0	0	0	0	2,959
Capital Outlay	0	0	0	496,333	0	496,333
Debt Service:						
Principal Retirement	0	0	89,175	3,863	8,402	101,440
Interest and Fiscal Charges	0	0	15,825	193	0	16,018
Total Expenditures	3,235,911	295,218	286,410	733,691	581,436	5,132,666
<i>Excess of Revenues Over (Under) Expenditures</i>	128,681	(61,762)	(13,601)	(62,532)	(10,399)	(19,613)
Other Financing Sources (Uses)						
Transfers In	0	0	0	65,000	43,000	108,000
Transfers Out	(108,000)	0	0	0	0	(108,000)
Total Other Financing Sources (Uses)	(108,000)	0	0	65,000	43,000	0
Net Change in Fund Balance	20,681	(61,762)	(13,601)	2,468	32,601	(19,613)
Fund Balances at Beginning of Year	1,200,750	251,851	30,636	286,855	310,146	2,080,238
Fund Balances at End of Year	\$1,221,431	\$190,089	\$17,035	\$289,323	\$342,747	\$2,060,625

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, 2009*

Net Change in Fund Balances - Total Governmental Funds (\$19,613)

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:

Capital Assets Additions	532,448	
Depreciation Expense	<u>(348,617)</u>	183,831

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Property Taxes	23,923	
Income Taxes	(166,179)	
State Shared Revenues	(13,500)	
Grants	409,097	
Estate Taxes	(2,119)	
Other Revenue	<u>8,793</u>	260,015

Repayments of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 101,440

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, interest is expended when due. (533)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated Absences		<u>(11,543)</u>
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Change in Net Assets of Governmental Activities \$513,597

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)
General Fund
For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$192,760	\$192,760	\$191,706	(\$1,054)
Income Taxes	2,150,000	2,150,000	2,210,028	60,028
Intergovernmental	522,320	522,320	487,594	(34,726)
Charges for Services	121,355	121,355	154,763	33,408
Fines, Licenses, and Permits	64,750	64,750	70,059	5,309
Interest	75,000	75,000	23,427	(51,573)
Donations	1,250	1,250	8,275	7,025
Other	20,500	20,500	10,080	(10,420)
<i>Total Revenues</i>	<u>3,147,935</u>	<u>3,147,935</u>	<u>3,155,932</u>	<u>7,997</u>
Expenditures				
Current:				
General Government	603,174	611,108	580,824	30,284
Security of Persons and Property:				
Police	1,654,095	1,655,553	1,596,945	58,608
Fire	589,871	597,259	567,691	29,568
Public Health Services	307,713	311,528	299,038	12,490
Transportation	256,304	258,960	243,649	15,311
Community Environment	11,957	12,104	10,834	1,270
Basic Utilities	2,917	2,959	2,959	0
<i>Total Expenditures</i>	<u>3,426,031</u>	<u>3,449,471</u>	<u>3,301,940</u>	<u>147,531</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(278,096)</u>	<u>(301,536)</u>	<u>(146,008)</u>	<u>155,528</u>
Other Financing Sources (Uses)				
Advances In	57,750	57,750	57,750	0
Advances Out	(98,577)	(100,000)	0	100,000
Transfers Out	(106,463)	(108,000)	(108,000)	0
<i>Total Other Financing Sources Uses</i>	<u>(147,290)</u>	<u>(150,250)</u>	<u>(50,250)</u>	<u>100,000</u>
<i>Net Change in Fund Balance</i>	<u>(425,386)</u>	<u>(451,786)</u>	<u>(196,258)</u>	<u>255,528</u>
<i>Fund Balance at Beginning of Year</i>	1,106,054	1,106,054	1,106,054	0
Prior Year Encumbrances Appropriated	<u>37,608</u>	<u>37,608</u>	<u>37,608</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$718,276</u></u>	<u><u>\$691,876</u></u>	<u><u>\$947,404</u></u>	<u><u>\$255,528</u></u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Community Development Block Grant Fund
For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	<u>\$255,000</u>	<u>\$255,000</u>	<u>\$233,456</u>	<u>(\$21,544)</u>
Expenditures				
Current:				
Community Environment	<u>250,000</u>	<u>311,340</u>	<u>302,849</u>	<u>8,491</u>
<i>Net Change in Fund Balance</i>	5,000	(56,340)	(69,393)	(30,035)
<i>Fund Balance at Beginning of Year</i>	<u>74,710</u>	<u>74,710</u>	<u>74,710</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$79,710</u></u>	<u><u>\$18,370</u></u>	<u><u>\$5,317</u></u>	<u><u>(\$30,035)</u></u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Fire Levy Fund
For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$187,054	\$187,054	\$193,714	\$6,660
Intergovernmental	61,946	61,946	64,095	2,149
Charges for Services	15,000	15,000	15,000	0
<i>Total Revenues</i>	<u>264,000</u>	<u>264,000</u>	<u>272,809</u>	<u>8,809</u>
Expenditures				
Current:				
Security of Persons and Property:				
Fire	177,000	182,000	181,410	590
Debt Service				
Principal Retirement	89,175	89,175	89,175	0
Interest and Fiscal Charges	15,825	15,825	15,825	0
<i>Total Expenditures</i>	<u>282,000</u>	<u>287,000</u>	<u>286,410</u>	<u>590</u>
<i>Net Change in Fund Balance</i>	(18,000)	(23,000)	(13,601)	8,219
<i>Fund Balance at Beginning of Year</i>	<u>30,636</u>	<u>30,636</u>	<u>30,636</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$12,636</u>	<u>\$7,636</u>	<u>\$17,035</u>	<u>\$8,219</u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
Statement of Fund Net Assets
Enterprise Funds
December 31, 2009

	Water	Sewer	Total Enterprise Funds
Assets			
Current :			
Equity in Pooled Cash and Cash Equivalents	\$373,910	\$360,578	\$734,488
Intergovernmental Receivable	500	75,061	75,561
Accounts Receivable	185,361	185,689	371,050
Payments in Lieu of Taxes Receivable	153,100	0	153,100
<i>Total Current Assets</i>	<u>712,871</u>	<u>621,328</u>	<u>1,334,199</u>
Noncurrent:			
Nondepreciable Capital Assets	84,000	992,736	1,076,736
Depreciable Capital Assets, Net	3,618,850	7,287,577	10,906,427
<i>Total Noncurrent Assets</i>	<u>3,702,850</u>	<u>8,280,313</u>	<u>11,983,163</u>
<i>Total Assets</i>	<u>4,415,721</u>	<u>8,901,641</u>	<u>13,317,362</u>
Liabilities			
Current:			
Accounts Payable	32,637	8,945	41,582
Contracts Payable	0	154,895	154,895
Accrued Wages Payable	25,880	18,805	44,685
Accrued Interest Payable	19,337	4,294	23,631
Intergovernmental Payable	15,321	13,025	28,346
Tax Increment Financing Bonds Payable	140,597	0	140,597
Revenue Bonds Payable	125,700	37,122	162,822
OWDA Loans Payable	0	11,500	11,500
Loans Payable	0	27,782	27,782
Compensated Absences Payable	25,160	21,608	46,768
<i>Total Current Liabilities</i>	<u>384,632</u>	<u>297,976</u>	<u>682,608</u>
Long-Term:			
Tax Increment Financing Bonds Payable	36,651	0	36,651
Revenue Bonds Payable	569,100	202,483	771,583
OWDA Loans Payable	0	390,829	390,829
Loans Payable	0	402,121	402,121
Compensated Absences Payable	40,081	43,903	83,984
<i>Total Long-Term Liabilities</i>	<u>645,832</u>	<u>1,039,336</u>	<u>1,685,168</u>
<i>Total Liabilities</i>	<u>1,030,464</u>	<u>1,337,312</u>	<u>2,367,776</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	2,830,802	7,208,476	10,039,278
Unrestricted	554,455	355,853	910,308
<i>Total Net Assets</i>	<u>\$3,385,257</u>	<u>\$7,564,329</u>	<u>\$10,949,586</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, 2009

	Water	Sewer	Total Enterprise Funds
Operating Revenues			
Charges for Services	\$1,280,113	\$1,236,787	\$2,516,900
Other Operating Revenues	3,318	446	3,764
<i>Total Operating Revenues</i>	<u>1,283,431</u>	<u>1,237,233</u>	<u>2,520,664</u>
Operating Expenses			
Salaries and Wages	538,989	337,019	876,008
Fringe Benefits	209,472	149,730	359,202
Contractual Services	402,689	111,521	514,210
Materials and Supplies	49,161	20,641	69,802
Depreciation	141,358	231,660	373,018
Other Operating Expenses	146	0	146
<i>Total Operating Expenses</i>	<u>1,341,815</u>	<u>850,571</u>	<u>2,192,386</u>
<i>Operating Income (Loss)</i>	(58,384)	386,662	328,278
Non-Operating Expenses			
Interest and Fiscal Charges	(26,340)	(44,881)	(71,221)
<i>Income (Loss) Before Contributions</i>	(84,724)	341,781	257,057
Capital Contributions	151,962	374,874	526,836
<i>Change in Net Assets</i>	67,238	716,655	783,893
<i>Net Assets at Beginning of Year - Restated (See Note 3)</i>	<u>3,318,019</u>	<u>6,847,674</u>	<u>10,165,693</u>
<i>Net Assets at End of Year</i>	<u><u>\$3,385,257</u></u>	<u><u>\$7,564,329</u></u>	<u><u>\$10,949,586</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, 2009

	Water	Sewer	Total Enterprise Funds
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	\$1,257,254	\$1,216,471	\$2,473,725
Cash Payments for Employee Services and Benefits	(755,735)	(478,545)	(1,234,280)
Cash Payments to Suppliers for Goods and Services	(438,545)	(139,347)	(577,892)
Other Operating Revenues	3,318	446	3,764
Other Operating Expenses	(146)	0	(146)
<i>Net Cash Provided by Operating Activities</i>	<u>66,146</u>	<u>599,025</u>	<u>665,171</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(16,288)	(681,936)	(698,224)
Proceeds from Loans	0	382,485	382,485
Principal Paid on Debt	(356,421)	(435,371)	(791,792)
Interest Paid on Debt	(56,703)	(60,546)	(117,249)
Capital Contributions	239,862	300,000	539,862
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(189,550)</u>	<u>(495,368)</u>	<u>(684,918)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(123,404)	103,657	(19,747)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>497,314</u>	<u>256,921</u>	<u>754,235</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$373,910</u></u>	<u><u>\$360,578</u></u>	<u><u>\$734,488</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
<i>Operating Income (Loss)</i>	(\$58,384)	\$386,662	\$328,278
<i>Adjustments:</i>			
Depreciation	141,358	231,660	373,018
<i>(Increase) Decrease in Assets:</i>			
Accounts Receivable	(22,359)	(21,889)	(44,248)
Intergovernmental Receivable	(500)	1,573	1,073
<i>Increase (Decrease) in Liabilities:</i>			
Accounts Payable	13,188	(11,007)	2,181
Contracts Payable	0	(163)	(163)
Accrued Wages Payable	1,436	3,226	4,662
Compensated Absences Payable	(7,024)	5,176	(1,848)
Intergovernmental Payable	(1,569)	3,787	2,218
<i>Net Cash Provided by Operating Activities</i>	<u>\$66,146</u>	<u>\$599,025</u>	<u>\$665,171</u>

Non-Cash Transactions

At December 31, 2009, the Water fund purchased \$4,150 in capital assets on account.

At December 31, 2009, the Sewer fund purchased \$154,895 in capital assets on account.

See accompanying notes to the basic financial statements

City of Logan, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2009

Assets

Cash and Cash Equivalents in Segregated Accounts	<u>\$1,645</u>
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Liabilities

Due to Others	<u>\$1,645</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, 2009

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 is 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 15 and 16 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 Program

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.

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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.

Community Development Block Grant Fund The Community Development Block Grant Fund is used to account for grant proceeds and expenditures related to the Home Investment Partnership and the Community Housing Improvement Programs.

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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 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.

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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, 2009, but which were levied to finance year 2010 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.

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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 and department level. The City Auditor has been authorized to allocate appropriations to the function and object level within each department, except for personal services which must be approved by Council.

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, except for the Cemetery Trust Fund which is invested separately. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During 2009, 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, 2009.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest is credited to the General Fund and the Capital Improvements Capital Projects Fund. Interest revenue credited to the General Fund during 2009 amounted to \$23,427, which includes \$12,950 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.

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.

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G. 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.

H. 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.

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.

I. 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.

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J. 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.

K. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

L. Accrued Liabilities and Long-Term Liabilities

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

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

M. 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.

N. 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.

Net assets restricted for other purposes include resources restricted for cemetery activities and federal and state grants restricted for economic development purposes.

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

O. 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.

P. 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 – Restatement of Net Assets

Net assets of business-type activities were restated from 2008 as the result of the correction of an error. In prior years, based upon GASB guidance, tax increment financing arrangements were to be treated as exchange transactions and a receivable was recognized for the full amount of the tax increment financing in the year in which the agreement was entered into. GASB has now indicated that the tax increment financing agreements are imposed non-exchange transaction rather than exchange transactions. This adjustment had the following effect on net assets as previously reported at December 31, 2008.

	Water	Business-Type Activities
Net Assets as Previously Reported	\$3,908,281	\$10,755,955
Payment in Lieu of Taxes Receivable	(590,262)	(590,262)
Adjusted Net Assets, December 31, 2008	\$3,318,019	\$10,165,693

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).

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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	Community Development Block Grant	Fire Levy
GAAP Basis	\$20,681	(\$61,762)	(\$13,601)
Revenue Accruals	(208,660)	0	0
Expenditure Accruals	53,385	(7,631)	0
Advances	57,750	0	0
Encumbrances	(119,414)	0	0
Budget Basis	(\$196,258)	(\$69,393)	(\$13,601)

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.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United 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;

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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);
7. The State Treasurer's investment pool (STAROhio); and,
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time.

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

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the City has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation of the City, and must be purchased with the expectation that it will be held to maturity.

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

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 \$1,623,646 and the bank balance was \$1,642,269. Of the bank balance, \$571,997 was covered by Federal depository insurance and \$1,070,272 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial credit 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 December 31, 2009, the City's investment in STAR Ohio had an average maturity of sixty-one days and a fair value of \$772,065. The City has no investment policy beyond State statute that requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity.

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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, 2009, 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 \$21,694 and \$189,772 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 and homeowners under the Federal Economic Development Assistance and the Community Development Block Grant Programs. The amount not scheduled for collection during the subsequent year is \$189,926. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

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 2009 for real and public utility property taxes represent collections of 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) are for 2009 taxes.

2009 real property taxes are levied after October 1, 2009, on assessed value as of January 1, 2009, the lien date. Assessed values are established by State law at thirty-five percent of the appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

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. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 real property taxes.

Tangible personal property tax revenue received during 2009 (other than public utility property tax) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Payments made by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all City operations for the year ended December 31, 2009, was \$4.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

Real Property	\$106,432,600
Public Utility Real Property	19,710
Public Utility Tangible Personal Property	6,367,200
Tangible Personal Property	77,580
Total Assessed Value	\$112,897,090

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.

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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, 2009, 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 2009 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.

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, Hocking County 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, the property owners are required to make payment in lieu of taxes. The City has agreed to these projects and 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. A receivable has been recorded in the amount of \$153,100 which represents amounts measurable at December 31, 2009.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

D. Intergovernmental Receivable

A summary of intergovernmental receivables follows:

Governmental Activities:	
Local Government	\$125,460
Estate Tax	41,340
Kilowatt Per Hour	1,666
Homestead and Rollback	28,637
Gasoline Tax	120,676
Motor Vehicle License Tax	29,185
Permissive Tax	2,209
State Electric Light	83
School Resource Officer Grant	22,705
Community Development Black Grants	471,500
Miscellaneous	12,577
Total Governmental Activities	<u>856,038</u>
Business-Type Activities:	
Appalachian Regional Commission Grant	49,874
Community Improvement Corporation Grant	25,000
Miscellaneous	687
Total Business-Type Activities	<u>75,561</u>
Total Intergovernmental Receivables	<u><u>\$931,599</u></u>

Note 7 – Contractual Commitments

As of December 31, 2009, the City had the following contractual commitments:

Vendor	Fund	Contract Amount	Amount Expended	Balance at 12/31/2009
State Route 93 Sewer Extension	Sewer	\$450,440	\$401,240	\$49,200
Wastewater Treatment Plant	Sewer	954,500	458,896	495,604
Totals		<u>\$1,404,940</u>	<u>\$860,136</u>	<u>\$544,804</u>

Note 8 – Risk Management

A. Property and Liability

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

City of Logan, Ohio
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For the Year Ended December 31, 2009

Property and Liability	Deductible	Limits of Coverage
Buildings and Contents	\$500	\$22,417,410
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	2,000,000

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 2009, the City participated in the Ohio Municipal League Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see Note 16). 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 Municipal League. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any participant leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

Note 9 – Capital Assets

Capital asset activity for the year ended December 31, 2009, was as follows:

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

	Balance at 12/31/08	Additions	Deductions	Balance at 12/31/09
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$982,863	\$0	\$0	\$982,863
Depreciable Capital Assets:				
Land Improvements	4,116,906	0	0	4,116,906
Buildings and Improvements	1,753,090	0	0	1,753,090
Furniture, Fixtures, and Equipment	1,838,332	41,915	0	1,880,247
Vehicles	1,996,399	69,325	0	2,065,724
City Streets	6,572,240	421,208	0	6,993,448
Street Signals	794,238	0	0	794,238
Total Depreciable Capital Assets	17,071,205	532,448	0	17,603,653
Less Accumulated Depreciation:				
Land Improvements	(1,764,722)	(79,866)	0	(1,844,588)
Buildings and Improvements	(739,795)	(36,036)	0	(775,831)
Furniture, Fixtures, and Equipment	(1,343,265)	(79,352)	0	(1,422,617)
Vehicles	(1,023,867)	(98,955)	0	(1,122,822)
City Streets	(5,791,923)	(53,085)	0	(5,845,008)
Street Signals	(769,738)	(1,323)	0	(771,061)
Total Accumulated Depreciation	(11,433,310)	(348,617) *	0	(11,781,927)
Total Capital Assets being Depreciated, Net	5,637,895	183,831	0	5,821,726
Governmental Activities Capital Assets, Net	\$6,620,758	\$183,831	\$0	\$6,804,589

*Depreciation expense was charged to governmental programs as follows:

General Government	\$62,290
Security of Persons and Property:	
Police	48,606
Fire	95,271
Public Health Services	13,453
Transportation	96,474
Leisure Time Activities	32,523
Total Depreciation Expense	\$348,617

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

	(Restated) Balance at 12/31/08	Additions	Deductions	Balance at 12/31/09
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	\$216,600	\$0	\$0	\$216,600
Construction in Progress	49,801	810,335	0	860,136
Total Capital Assets not being Depreciated	266,401	810,335	0	1,076,736
Depreciable Capital Assets:				
Land Improvements	61,168	0	0	61,168
Furniture, Fixtures, and Equipment	812,041	42,034	0	854,075
Vehicles	214,312	0	0	214,312
Infrastructure	17,040,706	4,900	0	17,045,606
Total Capital Assets being Depreciated	18,128,227	46,934	0	18,175,161
Less Accumulated Depreciation:				
Land Improvements	(54,044)	(1,585)	0	(55,629)
Furniture, Fixtures, and Equipment	(566,283)	(40,940)	0	(607,223)
Vehicles	(180,326)	(12,748)	0	(193,074)
Infrastructure	(6,095,063)	(317,745)	0	(6,412,808)
Total Accumulated Depreciation	(6,895,716)	(373,018)	0	(7,268,734)
Total Capital Assets being Depreciated, Net	11,232,511	(326,084)	0	10,906,427
Business-Type Activities Capital Assets, Net	\$11,498,912	\$484,251	\$0	\$11,983,163

Note 10 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description – 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. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, the investment of which is self-directed by the members, 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, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classifications contributed 10.0 percent of covered payroll.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

The City's contribution rate for 2009 was 14.0 percent. For the period January 1 to March 31, 2009, a portion of the City's contribution rate equal to 7.0 percent of covered payroll was allocated to fund the post-employment health care plan; for the period April 1 through December 31, 2009, this amount was decreased to 5.5 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14.0 percent.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007, were \$157,640, \$134,367 and \$151,761 respectively; 87.14 percent has been contributed for 2009 and 100 percent for 2008 and 2007. There were no member-directed plan contributions for 2009 for the City of Logan.

B. Ohio Police and Fire Pension Fund

Plan Description – 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.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers and 24 percent for firefighters. Contribution rates are established by State statute. For 2009, a portion of the City's contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City's pension contributions to OP&F for police and firefighters were \$88,206 and \$81,318 for the year ended December 31, 2009, \$81,273 and \$78,339 for the year ended December 31, 2008, and \$103,702 and \$83,284 for the year ended December 31, 2007. The full amount has been contributed for 2008 and 2007. 66.25 percent has been contributed for police and 65.26 percent has been contributed for firefighters for 2009.

Note 11 – Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost sharing multiple employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14.0 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2009, the amount of the employer contributions which were allocated to fund post-employment health care was 7.0 percent from January 1 through March 31, 2009, and 5.5% from April 1 through December 31, 2009.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2007, were \$92,614, \$93,125 and \$91,057 respectively; 87.17 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined post-employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding policy – OP&F's post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.0 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2009, the employer contribution allocated to the healthcare plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$46,697 and \$31,820 for the year ended December 31, 2009, \$43,027 and \$30,654 for the year ended December 31, 2008, and \$54,901 and \$32,589 for the year ended December 31, 2007. The full amount has been contributed for 2008 and 2007. 66.25 percent has been contributed for police and 65.26 percent has been contributed for firefighters for 2009.

Note 12 – Employee Benefits

A. Insurance

In 2009, the City contracted with Medical Mutual to provide all employees with \$25,000 each in life and accidental death and dismemberment insurance.

The City provides comprehensive major medical insurance through Medical Mutual. Monthly premiums are \$518.20 for single coverage and \$1,385.39 for family coverage. The City pays \$1,246.85 of the premiums for family plans and the City's employees pay the remaining balances. The City pays \$466.38 of the premiums for employees participating in the single plan with the remainder being paid by the employee.

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.

Note 13 – Capital Leases – Lessee Disclosure

In previous years, the City had entered into a capitalized lease agreements for a fire truck and fire rescue equipment. The leases meet 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 2009 totaled \$97,577 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
2010	\$93,699
2011	93,699
2012	93,699
2013	83,388
2014	8,401
2015 - 2018	33,605
Total Minimum Lease Payments	406,491
Less: Amount Representing Interest	(29,101)
Present Value of Net Minimum Lease Payments	\$377,390

The equipment has been capitalized in the amount of \$845,261, the present value of the minimum lease payments at the inception of the lease. The accumulated depreciation as of December 31, 2009, was \$182,618, leaving a remaining book value of \$662,643.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 14 – Transfers

The General Fund made transfers to the Section 18 and Recreation Special Revenue Funds and the Capital Improvements Capital Projects Fund in the amounts of \$25,000, \$18,000, and \$65,000, 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.

Note 15 – 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 2009, 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.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

D. Buckeye Hills-Hocking Valley Regional Development District

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

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

Note 16 – 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 17 – 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, 2009.

B. Litigation

The City is currently not party to any litigation.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 18 – Long - Term Obligations

A schedule of changes in long-term obligations of the City during 2009 follows:

	Principal Outstanding 12/31/08	Additions	Deductions	Principal Outstanding 12/31/09	Amounts Due in One Year
Governmental Activities:					
2004 Carper Land Contract - 5.00%	\$3,863	\$0	\$3,863	\$0	\$0
Capital Leases	474,967	0	97,577	377,390	77,661
Compensated Absences	281,661	31,125	19,582	293,204	92,853
Total Governmental Activities	\$760,491	\$31,125	\$121,022	\$670,594	\$170,514
Business-Type Activities:					
1992 OWDA Sewer Plant Improvements Loan - 8.31%	\$363,557	\$0	\$363,557	\$0	\$0
2003 OWDA Sewer Planning Loan - 1.00%	911	0	911	0	0
2008 OWDA Sewer Improvements Planning Loan - 4.95%	31,344	382,485	11,500	402,329	11,500
Total OWDA Loans	395,812	382,485	375,968	402,329	11,500
2002 Wal-Mart Tax Increment Financing Bonds - 4.50%	297,965	0	193,745	104,220	104,220
2003 Holiday Inn Tax Increment Financing Bonds - 4.80%	116,004	0	42,976	73,028	36,377
Total Tax Increment Financing Bonds	413,969	0	236,721	177,248	140,597
1995 Revenue Bonds:					
Water System - 5.00%	814,500	0	119,700	694,800	125,700
2006 Bio Solids Housing Loan - 5.15%	458,911	0	29,008	429,903	27,782
2007 Revenue Bonds:					
Sewer System - 4.52%	270,000	0	30,395	239,605	37,122
Compensated Absences	132,600	15,420	17,268	130,752	46,768
Total Business-Type Activities	\$2,485,792	\$397,905	\$809,060	\$2,074,637	\$389,469

The land contract, originally obtained in the amount of \$35,000 between the City and Jerry Carper, represents land purchased for the future construction of a new City Garage. The contract was retired from income tax revenues through the Capital Improvements Fund.

The Sewer Plant Improvement OWDA Loan, originally obtained for \$2,769,311, represents amounts borrowed from the Ohio Water Development Authority for the construction of the wastewater treatment facility. The loan was retired from the Sewer Enterprise Fund. The City's sewer loan with OWDA was at 8.31%. Effective January 1, 2004, OWDA wrote down the loan to 7.0%. Credit enhancements for the year ended December 31, 2009 were \$4,762.

The OWDA Sewer Planning Loan, originally obtained for \$25,000, was used to study the feasibility of major renovations and improvements to the City's sewer treatment facility. The loan was retired from the Sewer Enterprise Fund.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

The 2008 OWDA Sewer Improvements Planning Loan, authorized in the amount of \$460,000, is being used to finance sewer line extension and improvements. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and will repay the debt. The loan has not been fully drawn down and no amortization schedule has been established.

Principal and interest requirements to retire the Water Enterprise Fund's tax increment financing bonds liabilities at December 31, 2009, are as follows:

Year Ended December 31,	Principal	Interest	Total
2010	\$140,597	\$11,557	\$152,154
2011	36,651	5,066	41,717
	<u>\$177,248</u>	<u>\$16,623</u>	<u>\$193,871</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 revenue in lieu of property tax through the Water Enterprise Fund.

Principal and interest requirements to retire the City's water revenue bonds outstanding at December 31, 2009, are as follows:

Year Ended December 31,	Principal	Interest	Total
2010	\$125,700	\$34,740	\$160,440
2011	132,000	28,455	160,455
2012	138,700	21,855	160,555
2013	145,600	14,920	160,520
2014	152,800	7,640	160,440
	<u>\$694,800</u>	<u>\$107,610</u>	<u>\$802,410</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.

Principal and interest requirements to retire the City's Bio-Solids Housing Loan outstanding at December 31, 2009, are as follows:

Year Ended December 31,	Principal	Interest	Total
2010	\$27,782	\$21,787	\$49,569
2011	29,231	20,338	49,569
2012	30,756	18,813	49,569
2013	32,361	17,209	49,570
2014	34,049	15,520	49,569
2015-2019	198,811	49,034	247,845
2020-2021	76,913	4,338	81,251
	<u>\$429,903</u>	<u>\$147,039</u>	<u>\$576,942</u>

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

The Bio Solid Housing Loan, obtained in the amount of \$525,000, is being used to construct the City's new sludge retention and processing facility. The loan will be retired from Sewer Enterprise Fund revenue.

Principal and interest requirements to retire the City's sewer revenue bonds outstanding at December 31, 2009, are as follows:

Year Ended December 31,	Principal	Interest	Total
2010	\$37,122	\$10,509	\$47,631
2011	30,000	9,153	39,153
2012	30,000	7,797	37,797
2013	30,000	6,441	36,441
2014	30,000	5,085	35,085
2015-2017	82,483	7,119	89,602
	<u>\$239,605</u>	<u>\$46,104</u>	<u>\$285,709</u>

The revenue bonds, originally issued for \$300,000, represents amounts borrowed from the National City Bank for the purpose of extending the sewer system to the City's new high school facility. The bonds will be repaid from revenues derived from the operations of the City's sewer system.

The City has pledged future water customer revenues to repay \$1,500,000 in water tax increment financing bonds issued in 2002 and 2003, and to repay the \$2,000,000 water system revenue bonds issued in 1995. The bonds are payable solely from water customer net revenues and are payable through 2014. Net revenues include all revenues received by the water utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the bonds should require less than 100 percent of net revenues in future years; however, in 2009, principal and interest payments exceeded net revenues and are expected to exceed net revenues in 2010. The total principal and interest remaining to be paid on the bonds is \$996,281. Principal and interest payments for the current year were \$413,124, net revenues were \$82,974 and total revenues were \$1,283,431.

The City has pledged future sewer customer revenues to repay \$3,208,140 in sewer system OWDA loans obtained in 1992, 2003, and 2008, to repay the \$300,000 sewer system revenue bonds issued in 2007, and to repay the \$525,000 loan obtained in 2006. The loans and bonds are payable solely from sewer customer net revenues and are payable through 2021. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the loans and bonds are expected to require less than 19 percent of net revenues in future years. The total principal and interest remaining to be paid on the loans and bonds are \$979,271 and \$285,709, respectively. Principal and interest payments for the current year were \$495,917, net revenues were \$618,322 and total revenues were \$1,237,233.

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.

The City's overall legal debt margin was \$11,854,194 at December 31, 2009.



Julian & Grube, Inc.

Serving Ohio Local Governments

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Logan, Hocking County, Ohio, as of and for the year ended December 31, 2009, which collectively comprise the City of Logan's basic financial statements and have issued our report thereon dated June 25, 2010. As disclosed in Note 3, the City has reported a prior period adjustment to its Water and Business-Type net assets at December 31, 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Logan's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City of Logan's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City of Logan's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City of Logan's financial statements will not be prevented, or detected and timely corrected.

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 deficiencies in internal control that might be deficiencies, 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider a significant deficiency in internal control over financial reporting. We consider finding 2009-COL-001 to be a significant deficiency. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Members of Council and Mayor
City of Logan

Compliance and Other Matters

As part of reasonably assuring whether the City of Logan's financial statements are free of material misstatements, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the City of Logan's management in a separate letter dated June 25, 2010.

We intend this report solely for the information and use of management and the City Council of the City of Logan. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in black ink and is positioned above the printed name of the firm.

Julian & Grube, Inc.
June 25, 2010

**CITY OF LOGAN
HOCKING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2009-COL-001

Significant Deficiency - Recreation Receipts and Record Retention

All receipts collected by the City should be supported by detailed ledgers evidencing the payor, the amount, the description, the date paid, the date deposited and the fund to which to credit the monies received.

The City's Recreation Department which is governed by the Recreation Commission, did not maintain internal controls with regards to a detailed receipt ledger supporting collections for their activities.

Lack of internal controls for recreation receipts may facilitate misappropriation of assets. It also may make it difficult to ensure proper accuracy of paid and unpaid amounts. Lack of internal controls for recreation records may inhibit the City's availability to research amounts paid and corroborate customer payments. We performed additional procedures to substantiate the receipts recorded for 2009.

We recommend the City's Recreation Department follow its record retention policy. At a minimum, supporting documents should be retained for audit purposes. We additionally recommend the Recreation Department maintain a log of incoming checks and cash and submit such to the City Treasurer for each deposit. By establishing this procedure, the City will be able to more accurately track all incoming cash and strengthen its system of internal controls over Recreation Department cash receipts.

Client Response: Our City Auditor is working with the Recreation Commission and the Recreation Department Head to establish additional internal controls regarding recreation receipts and retention of City documents. We are anticipating these controls for the beginning of summer 2010.



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
AUGUST 19, 2010