



Dave Yost • Auditor of State

**CITY OF LOGAN  
HOCKING COUNTY  
DECEMBER 31, 2017 AND 2016**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

City of Logan  
Hocking County  
10 South Mulberry Street  
Logan, Ohio 43138

To the City Council:

### ***Report on the Financial Statements***

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 (the City), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

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, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, and Schedules of Net Pension Liabilities and Pension Contributions as listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 12, 2018

**City of Logan, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2017*  
*Unaudited*

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The discussion and analysis of the City of Logan's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2017. 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 2017 are as follows:**

- In total, net position increased \$729,032. Net position of governmental activities increased \$160,935 from 2016. Net position of business-type activities also increased \$568,097 from 2016.
- In total, assets increased \$1,590,634. Governmental activities increased \$706,425; the business-type activities assets increased \$884,209.
- Overall, capital assets decreased \$141,744. Total capital assets of governmental activities decreased \$75,191. Capital assets of business-type activities increased \$66,553.
- In total, liabilities increased \$953,442. Total liabilities of governmental activities increased \$452,999. Total liabilities of business-type activities increased \$500,443 from 2016.

## **USING THIS ANNUAL FINANCIAL REPORT**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of Logan as a financial whole or as an entire operating entity. The statements then provide an increasingly detailed look at specific financial conditions.

The statement of net position and the statement of activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remains for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

### ***Reporting the City of Logan as a Whole***

#### *Statement of Net Position 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 2017?" The Statement of Net Position and Statement of Activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources 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.

**City of Logan, Ohio**  
*Management's Discussion and Analysis*  
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These two statements report the City's net position and the changes in net position. This change in net position is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information, such as the condition of the City's capital assets and changes in the City's property tax base will also need to be evaluated.

In the Statement of Net Position 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*

Fund financial statements begin on page 16. 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 Fund, Capital Improvements Fund, and the Water and Sewer Enterprise 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 Position 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.



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**THE CITY OF LOGAN AS A WHOLE**

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2017 compared to 2016.

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current and Other Assets	\$4,685,181	\$3,903,565	\$3,458,832	\$2,508,070	\$8,144,013	\$6,411,635
Capital Assets	7,064,119	7,139,310	20,632,617	20,699,170	27,696,736	27,838,480
<i>Total Assets</i>	<u>11,749,300</u>	<u>11,042,875</u>	<u>24,091,449</u>	<u>23,207,240</u>	<u>35,840,749</u>	<u>34,250,115</u>
<b>Deferred Outflows of Resources</b>						
Pension	1,298,476	1,319,344	626,067	481,789	1,924,543	1,801,133
<b>Liabilities</b>						
Current and Other Liabilities	651,889	245,123	388,537	382,332	1,040,426	627,455
Long-term Liabilities:						
Due Within One Year	172,041	225,390	303,609	356,542	475,650	581,932
Due in More than One Year:						
Net Pension Liability	5,337,390	5,116,704	1,590,077	1,203,431	6,927,467	6,320,135
Other Amounts	351,219	472,323	9,913,307	9,752,782	10,264,526	10,225,105
<i>Total Liabilities</i>	<u>6,512,539</u>	<u>6,059,540</u>	<u>12,195,530</u>	<u>11,695,087</u>	<u>18,708,069</u>	<u>17,754,627</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes	443,479	442,903	0	0	443,479	442,903
Pension	227,713	156,666	25,228	65,281	252,941	221,947
<i>Total Deferred Inflows of Resources</i>	<u>671,192</u>	<u>599,569</u>	<u>25,228</u>	<u>65,281</u>	<u>696,420</u>	<u>664,850</u>
<b>Net Position</b>						
Net Investment in Capital Assets	6,643,325	6,693,650	10,459,995	10,589,340	17,103,320	17,282,990
Restricted	1,407,755	1,354,075	0	0	1,407,755	1,354,075
Unrestricted	(2,187,035)	(2,344,615)	2,036,763	1,339,321	(150,272)	(1,005,294)
<i>Total Net Position</i>	<u>\$5,864,045</u>	<u>\$5,703,110</u>	<u>\$12,496,758</u>	<u>\$11,928,661</u>	<u>\$18,360,803</u>	<u>\$17,631,771</u>

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The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2017, and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 requires the net pension liability to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as *against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

For governmental activities, total assets increased \$706,425 mainly due to increases in equity in pooled cash and cash equivalents of \$1,094,397 and property taxes receivable of \$30,687. The increase in equity in pooled cash and cash equivalents was primarily due to the City monitoring the cash flow very closely and insuring that expenses are well within revenue sources. Property taxes receivable increased during 2017 due to an increase in the amounts certified to be collected by the County Auditor. These increases were offset by a decrease in intergovernmental receivable of \$190,642, a decrease in capital assets of \$75,191, a decrease

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in income taxes receivable of \$34,166, and a decrease in loans receivable of \$25,398. The decrease in intergovernmental receivable is a result of the City having a Community Development Block Grant for 2016 and there was no grant for 2017. The decrease in capital assets is due to current year depreciation exceeding additions. Current liabilities increased \$406,766 due to increases in intergovernmental payable and leave benefits payable. Intergovernmental payable increased \$243,662 mainly due to a payment to the Jefferson Health Plan for costs associated with the City exiting a risk sharing pool. The increase of \$162,715 in leave benefits payable is a result of a perspective difference in viewing vacation and compensatory leave as current and not long term. Long-term liabilities increased \$46,233 primarily due to an increase in the net pension liability. The net pension liability increase represents the City's proportionate share of the OPERS traditional and the OP&F plans' unfunded benefits. As indicated above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

For business-type activities, intergovernmental receivable increased \$724,769 and equity in pooled cash and cash equivalents increased \$203,841. The increase in intergovernmental receivable is due to a \$725,000 grant for the City's Phase II Sewer Project. These increases were offset by a decrease in capital assets of \$66,553 due to current depreciation exceeding additions. Long-term liabilities increased \$494,238 mainly due and increase in the loan associated with the new water plan and an increase to net pension liability.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2017 and 2016.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$407,407	\$350,263	\$3,650,136	\$3,384,653	\$4,057,543	\$3,734,916
Operating Grants and Contributions	500,967	533,455	0	25,000	500,967	558,455
Capital Grants and Contributions	132,442	172,088	725,000	112,183	857,442	284,271
<b>Total Program Revenues</b>	<b>1,040,816</b>	<b>1,055,806</b>	<b>4,375,136</b>	<b>3,521,836</b>	<b>5,415,952</b>	<b>4,577,642</b>
General Revenues:						
Property Taxes	476,300	448,753	0	0	476,300	448,753
Income Taxes	4,338,385	4,060,797	0	0	4,338,385	4,060,797
Hotel Tax	34,608	32,371	0	0	34,608	32,371
Grants and Entitlements	265,861	262,726	0	0	265,861	262,726
Interest	15,207	10,259	0	0	15,207	10,259
Sale of Capital Assets	0	4,716	0	1,630	0	6,346
Other	18,123	8,864	8,630	9,942	26,753	18,806
<b>Total General Revenues</b>	<b>5,148,484</b>	<b>4,828,486</b>	<b>8,630</b>	<b>11,572</b>	<b>5,157,114</b>	<b>4,840,058</b>
<b>Total Revenues</b>	<b>\$6,189,300</b>	<b>\$5,884,292</b>	<b>\$4,383,766</b>	<b>\$3,533,408</b>	<b>\$10,573,066</b>	<b>\$9,417,700</b>

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**Table 2 (continued)**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Program Expenses</b>						
General Government	\$825,227	\$801,689	\$0	\$0	\$825,227	\$801,689
Security of Persons and Property:						
Police	2,538,904	2,224,842	0	0	2,538,904	2,224,842
Fire	1,169,712	1,134,016	0	0	1,169,712	1,134,016
Transportation	693,207	605,720	0	0	693,207	605,720
Public Health Services	403,621	339,202	0	0	403,621	339,202
Leisure Time Activities	140,128	143,629	0	0	140,128	143,629
Community Environment	242,143	343,130	0	0	242,143	343,130
Basic Utility Services	2,760	2,374	0	0	2,760	2,374
Interest and Fiscal Charges	12,663	11,533	0	0	12,663	11,533
Water	0	0	1,864,530	1,507,797	1,864,530	1,507,797
Sewer	0	0	1,951,139	1,775,080	1,951,139	1,775,080
<b>Total Expenses</b>	<b>6,028,365</b>	<b>5,606,135</b>	<b>3,815,669</b>	<b>3,282,877</b>	<b>9,844,034</b>	<b>8,889,012</b>
Change in Net Position	160,935	278,157	568,097	250,531	729,032	528,688
Net Position at Beginning of Year	5,703,110	5,424,953	11,928,661	11,678,130	17,631,771	17,103,083
Net Position at End of Year	<u>\$5,864,045</u>	<u>\$5,703,110</u>	<u>\$12,496,758</u>	<u>\$11,928,661</u>	<u>\$18,360,803</u>	<u>\$17,631,771</u>

**Governmental Activities**

Several revenue sources fund our governmental activities, with the City income tax being the biggest contributor. The income tax rate is 2 percent. General revenues from property taxes and grants and entitlements, such as local government funds, are also large revenue generators. The City monitors these revenue sources very closely for fluctuations because the income tax, property tax, and intergovernmental revenue represent 84 percent, 9 percent, and 5 percent, respectively, of all general revenues in the governmental activities.

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.

Intergovernmental revenues (operating and capital grants) and contributions accounted for 61 percent of all program revenues. These revenues are not generated from the City's own resources. Such revenues are often unpredictable and accompanied by administrative requirements. The lower this percentage, the better in regards to independence.

Security of persons and property is a major activity of the City, accounting for 62 percent of the governmental expenses. During 2017, expenses for police and fire operations amounted to \$2,538,904 and \$1,169,712, 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 11 percent of governmental expenses.

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

***Business-Type Activities***

The City's business-type activities are composed of water and sewer operations and are funded almost entirely from charges for services. During 2017, the City collected \$265,483 more in charges for services from the previous year and spent \$532,792 more than the previous year. The City's water and sewer departments continued to operate with comparable rates. The minimum water and sewer rates are \$24.21 and \$20.11, respectively, for the first 2,000 gallons. Water and sewer rates for two surrounding communities are \$21.67 and \$18.19 for water and \$21.53 and \$16.04 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 \$6,354,360 and expenditures of \$5,794,997.

The fund balance of the General Fund increased \$487,187. The General Fund's balance of \$1,972,805 represented 46 percent of current year expenditures. Most of this balance remains in the City's treasury and invested.

The fund balance of the Capital Improvements Fund increased \$112,178. The Capital Improvements Fund had a restricted fund balance of \$499,833 at year end.

During 2017, the Water Fund had operating revenues of \$1,761,837 and operating expenses of \$1,862,188. The Sewer Fund had operating revenues of \$1,896,929 and operating expenses of \$1,704,622. Water and sewer rates last increased 3 percent on September 1, 2017.

***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 2017, 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 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 by looking for possible revenue shortfalls or overspending by individual departments.

Original budgeted revenues were decreased \$10,000 with the largest changes being an increase in income taxes and decreases in both intergovernmental and charges for services. Actual revenues were over the final budget in the amount of \$315,059. The original appropriations were increased \$50,000; however, the actual expenditures and other financing uses were \$356,367 less than the final budget for expenditures and other financing uses. The City of Logan's ending unencumbered fund cash balance in the General Fund was \$1,828,505 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.

**City of Logan, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2017*  
*Unaudited*

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

(Table 3)  
 Capital Assets at December 31, 2017  
 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$1,016,036	\$1,016,036	\$216,600	\$216,600	\$1,232,636	\$1,232,636
Construction in Progress	53,682	0	1,013,905	710,971	1,067,587	710,971
Land Improvements	1,814,673	1,871,609	1,470	1,610	1,816,143	1,873,219
Buildings and Improvements	771,797	811,742	0	0	771,797	811,742
Furniture, Fixtures, and Equipment	380,299	458,783	269,426	332,571	649,725	791,354
Vehicles	1,265,303	1,241,242	307,210	338,733	1,572,513	1,579,975
Infrastructure:						
City Streets	1,679,175	1,651,389	0	0	1,679,175	1,651,389
Street Signals	83,154	88,509	0	0	83,154	88,509
Water System	0	0	2,975,502	2,989,204	2,975,502	2,989,204
Sewer System	0	0	15,848,504	16,109,481	15,848,504	16,109,481
<b>Totals</b>	<b>\$7,064,119</b>	<b>\$7,139,310</b>	<b>\$20,632,617</b>	<b>\$20,699,170</b>	<b>\$27,696,736</b>	<b>\$27,838,480</b>

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**

As of December 31, 2017, and December 31, 2016, the City had total long-term debt of \$10,585,389 and \$10,423,969, respectively, as follows:

(Table 4)  
 Outstanding Debt at December 31, 2017

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
OPWC Loans	\$0	\$0	\$475,262	\$491,876	\$475,262	\$491,876
OWDA Loans	0	0	9,389,768	9,126,277	9,389,768	9,126,277
Energy Conservation Bonds	72,220	99,023	36,170	49,593	108,390	148,616
General Obligation Bonds	26,800	33,000	0	0	26,800	33,000
Capital Leases	315,520	313,637	269,649	310,563	585,169	624,200
<b>Totals</b>	<b>\$414,540</b>	<b>\$445,660</b>	<b>\$10,170,849</b>	<b>\$9,978,309</b>	<b>\$10,585,389</b>	<b>\$10,423,969</b>

The City's overall legal debt margin was \$12,139,944 at December 31, 2017. For additional information on the City's debt, see Notes 15 and 16 to the basic financial statements.

**City of Logan, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2017*  
*Unaudited*

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**CURRENT FINANCIAL ISSUES**

The City is currently working on the water and sewer infrastructure. The City has been approved for \$4,880,000 in grants to help with four major water projects. The projects include the a new Water Plant, Water Meter Replacements, New Water Tank and Booster Station, and a Water Line Replacement. The City of Logan received a Critical Infrastructure Grant to replace water valves. The Sanitary Sewer Project Phase II continues to replace sewer lines. The City received an Ohio Department of Transportation Grant to pave Hunter Street from State Route 664 to Mulberry Street, with a \$627,228 project and the City providing only a 5 percent match. Storm Water issues are being addressed with the Walkonding project. The City of Logan has also received a 1.1 million dollar grant to address sidewalks and street lighting and an Ohio Department of Natural Resources Grant to help finance improvements to Kachelmacher Park.

**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 Anna T. Lindsay, Logan City Auditor, 10 South Mulberry Street, Logan, Ohio 43138.

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**City of Logan, Ohio**  
*Statement of Net Position*  
*December 31, 2017*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$3,009,922	\$2,187,690	\$5,197,612
Investments	137,380	0	137,380
Accrued Interest Receivable	3,181	0	3,181
Intergovernmental Receivable	314,848	725,407	1,040,255
Accounts Receivable	0	545,735	545,735
Permissive MVL Taxes Receivable	2,574	0	2,574
Hotel Tax Receivable	3,978	0	3,978
Income Taxes Receivable	614,254	0	614,254
Property Taxes Receivable	456,167	0	456,167
Loans Receivable	142,877	0	142,877
Nondepreciable Capital Assets	1,069,718	1,230,505	2,300,223
Depreciable Capital Assets, Net	5,994,401	19,402,112	25,396,513
<i>Total Assets</i>	<u>11,749,300</u>	<u>24,091,449</u>	<u>35,840,749</u>
<b>Deferred Outflows of Resources</b>			
Pension	1,298,476	626,067	1,924,543
<b>Liabilities</b>			
Accounts Payable	59,463	22,750	82,213
Accrued Wages Payable	115,023	41,553	156,576
Accrued Interest Payable	5,740	125,811	131,551
Intergovernmental Payable	302,694	115,254	417,948
Contracts Payable	6,254	1,773	8,027
Leave Benefits Payable	162,715	81,396	244,111
Long-Term Liabilities:			
Due within One Year	172,041	303,609	475,650
Due in More than One Year:			
Net Pension Liability (See Note 11)	5,337,390	1,590,077	6,927,467
Other Amounts Due in More than One Year	351,219	9,913,307	10,264,526
<i>Total Liabilities</i>	<u>6,512,539</u>	<u>12,195,530</u>	<u>18,708,069</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	443,479	0	443,479
Pension	227,713	25,228	252,941
<i>Total Deferred Inflows of Resources</i>	<u>671,192</u>	<u>25,228</u>	<u>696,420</u>
<b>Net Position</b>			
Net Investment in Capital Assets	6,643,325	10,459,995	17,103,320
Restricted for:			
Perpetual Care:			
Expendable	36,324	0	36,324
Non-Expendable	137,380	0	137,380
Police	30,313	0	30,313
Fire	100,753	0	100,753
Transportation	391,611	0	391,611
Capital Projects	543,657	0	543,657
Economic Development	167,717	0	167,717
Unrestricted (Deficit)	(2,187,035)	2,036,763	(150,272)
<i>Total Net Position</i>	<u>\$5,864,045</u>	<u>\$12,496,758</u>	<u>\$18,360,803</u>

See accompanying notes to the basic financial statements.

**City of Logan, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2017

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	
<b>Governmental Activities</b>				
General Government	\$825,227	\$81,454	\$0	\$0
Security of Persons and Property:				
Police	2,538,904	32,627	125,435	0
Fire	1,169,712	128,080	29,375	0
Transportation	693,207	35,879	319,142	132,442
Public Health Services	403,621	40,242	313	0
Leisure Time Activities	140,128	89,125	7,760	0
Community Environment	242,143	0	18,942	0
Basic Utility Services	2,760	0	0	0
Interest and Fiscal Charges	12,663	0	0	0
<i>Total Governmental Activities</i>	<u>6,028,365</u>	<u>407,407</u>	<u>500,967</u>	<u>132,442</u>
<b>Business-Type Activities</b>				
Water	1,864,530	1,757,104	0	0
Sewer	1,951,139	1,893,032	0	725,000
<i>Total Business-Type Activities</i>	<u>3,815,669</u>	<u>3,650,136</u>	<u>0</u>	<u>725,000</u>
<b>Totals</b>	<u>\$9,844,034</u>	<u>\$4,057,543</u>	<u>\$500,967</u>	<u>\$857,442</u>

**General Revenues**

Property Taxes Levied for:

    General Purposes

    Police

    Fire

Income Taxes Levied for:

    General Purposes

    Capital Improvements

Hotel Tax

Grants and Entitlements not Restricted to Specific Programs

Interest

Other

*Total General Revenues*

*Change in Net Position*

*Net Position at Beginning of Year*

*Net Position at End of Year*

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$743,773)	\$0	(\$743,773)
(2,380,842)	0	(2,380,842)
(1,012,257)	0	(1,012,257)
(205,744)	0	(205,744)
(363,066)	0	(363,066)
(43,243)	0	(43,243)
(223,201)	0	(223,201)
(2,760)	0	(2,760)
(12,663)	0	(12,663)
(4,987,549)	0	(4,987,549)
0	666,893	666,893
0	(107,426)	(107,426)
0	559,467	559,467
(4,987,549)	559,467	(4,428,082)
191,091	0	191,091
63,678	0	63,678
221,531	0	221,531
3,873,834	0	3,873,834
464,551	0	464,551
34,608	0	34,608
265,861	0	265,861
15,207	0	15,207
18,123	8,630	26,753
5,148,484	8,630	5,157,114
160,935	568,097	729,032
5,703,110	11,928,661	17,631,771
\$5,864,045	\$12,496,758	\$18,360,803

**City of Logan, Ohio**

*Balance Sheet  
Governmental Funds  
December 31, 2017*

	General	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,083,757	\$451,591	\$474,574	\$3,009,922
Investments	0	0	137,380	137,380
Receivables:				
Accrued Interest	2,555	0	626	3,181
Intergovernmental	142,846	0	172,002	314,848
Permissive MVL Taxes	0	0	2,574	2,574
Hotel Tax	3,978	0	0	3,978
Income Taxes	522,116	92,138	0	614,254
Property Taxes	182,300	0	273,867	456,167
Loans	0	0	142,877	142,877
<b>Total Assets</b>	<b>\$2,937,552</b>	<b>\$543,729</b>	<b>\$1,203,900</b>	<b>\$4,685,181</b>
<b>Liabilities</b>				
Accounts Payable	\$59,115	\$72	\$276	\$59,463
Accrued Wages Payable	105,251	0	9,772	115,023
Intergovernmental Payable	279,898	0	22,796	302,694
Contracts Payable	0	6,254	0	6,254
<b>Total Liabilities</b>	<b>444,264</b>	<b>6,326</b>	<b>32,844</b>	<b>483,434</b>
<b>Deferred Inflows of Resources</b>				
Property Taxes	177,122	0	266,357	443,479
Unavailable Revenue	343,361	37,570	157,830	538,761
<b>Total Deferred Inflows of Resources</b>	<b>520,483</b>	<b>37,570</b>	<b>424,187</b>	<b>982,240</b>
<b>Fund Balances</b>				
Nonspendable	0	0	254,859	254,859
Restricted	0	499,833	455,657	955,490
Committed	0	0	36,353	36,353
Assigned	226,629	0	0	226,629
Unassigned	1,746,176	0	0	1,746,176
<b>Total Fund Balances</b>	<b>1,972,805</b>	<b>499,833</b>	<b>746,869</b>	<b>3,219,507</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$2,937,552</b>	<b>\$543,729</b>	<b>\$1,203,900</b>	<b>\$4,685,181</b>

See accompanying notes to the basic financial statements.

**City of Logan, Ohio**  
*Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
December 31, 2017*

<b>Total Governmental Fund Balances</b>		<b>\$3,219,507</b>
 <b><i>Amounts reported for governmental activities in the statement of net position are different because</i></b>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,064,119
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	12,688	
Income Taxes	250,467	
Hotel Tax	1,420	
Intergovernmental Revenues	274,186	538,761
Leave benefits payable is recognized for earned benefits that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.		(162,715)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	1,298,476	
Deferred Inflows - Pension	(227,713)	
Net Pension Liability	(5,337,390)	(4,266,627)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Leases Payable	(315,520)	
General Obligation Bonds Payable	(26,800)	
Energy Conservation Bonds Payable	(72,220)	
Accrued Interest Payable	(5,740)	
Compensated Absences Payable	(108,720)	(529,000)
 <i>Net Position of Governmental Activities</i>		 <b><u><u>\$5,864,045</u></u></b>

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, 2017*

	General	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$190,202	\$0	\$283,904	\$474,106
Income Taxes	3,899,225	453,457	0	4,352,682
Permissive MVL Taxes	0	0	35,879	35,879
Hotel Tax	35,094	0	0	35,094
Intergovernmental	362,087	132,413	548,233	1,042,733
Charges for Services	192,887	0	153,165	346,052
Fines, Licenses, and Permits	24,973	0	503	25,476
Interest	15,207	29	319	15,555
Donations	0	0	8,660	8,660
Other	14,890	0	3,233	18,123
<i>Total Revenues</i>	<u>4,734,565</u>	<u>585,899</u>	<u>1,033,896</u>	<u>6,354,360</u>
<b>Expenditures</b>				
Current:				
General Government	643,039	0	0	643,039
Security of Persons and Property:				
Police	2,281,595	0	31,794	2,313,389
Fire	754,277	0	200,089	954,366
Transportation	150,966	0	299,550	450,516
Public Health Services	361,093	0	209	361,302
Leisure Time Activities	0	0	101,088	101,088
Community Environment	12,815	0	209,328	222,143
Basic Utility Services	2,760	0	0	2,760
Capital Outlay	0	559,925	0	559,925
Debt Service:				
Principal Retirement	26,803	58,606	91,415	176,824
Interest and Fiscal Charges	4,030	894	4,721	9,645
<i>Total Expenditures</i>	<u>4,237,378</u>	<u>619,425</u>	<u>938,194</u>	<u>5,794,997</u>
<i>Excess of Revenues Over(Under) Expenditures</i>	<u>497,187</u>	<u>(33,526)</u>	<u>95,702</u>	<u>559,363</u>
<b>Other Financing Sources (Uses)</b>				
Inception of Capital Lease	0	145,704		145,704
Transfers In	0	0	10,000	10,000
Transfers Out	(10,000)	0	0	(10,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(10,000)</u>	<u>145,704</u>	<u>10,000</u>	<u>145,704</u>
<i>Net Change in Fund Balance</i>	487,187	112,178	105,702	705,067
<i>Fund Balances at Beginning of Year</i>	<u>1,485,618</u>	<u>387,655</u>	<u>641,167</u>	<u>2,514,440</u>
<i>Fund Balances at End of Year</i>	<u>\$1,972,805</u>	<u>\$499,833</u>	<u>\$746,869</u>	<u>\$3,219,507</u>

See accompanying notes to the basic financial statements.

**City of Logan, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2017*

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**Net Change in Fund Balances - Total Governmental Funds** \$705,067

***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 depreciation exceeded capital outlay in the current period:

Capital Assets Additions	425,351	
Depreciation Expense	<u>(470,164)</u>	(44,813)

Capital Assets removed from the capital asset account on the statement of net assets results in a gain or loss on disposal of capital assets on the statement of activities. (30,378)

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

Delinquent Property Taxes	2,194	
Income Taxes	(14,297)	
Hotel Taxes	(486)	
Intergovernmental Revenues	<u>(152,471)</u>	(165,060)

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, interest is expended when due. (3,018)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

Capital Leases Payable	143,821	
General Obligation Bonds Payable	6,200	
Energy Conservation Bonds Payable	<u>26,803</u>	176,824

Inception of Capital Leases are reported as other financing sources in the governmental funds, but the inception increases long-term liabilities on the statement of activities. (145,704)

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:

Leave Benefits Payable	(162,715)	
Compensated Absences	<u>143,333</u>	(19,382)

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows. 422,973

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement Activities. (735,574)

*Change in Net Position of Governmental Activities* \$160,935

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$178,123	\$178,029	\$190,202	\$12,173
Income Taxes	3,685,404	3,740,000	3,935,296	195,296
Hotel Tax	32,857	28,500	35,084	6,584
Intergovernmental	371,242	362,821	396,415	33,594
Charges for Services	180,639	144,430	192,887	48,457
Fines, Licenses, and Permits	23,387	30,350	24,973	(5,377)
Interest	13,384	3,300	14,292	10,992
Other	13,944	1,550	14,890	13,340
<i>Total Revenues</i>	4,498,980	4,488,980	4,804,039	315,059
<b>Expenditures</b>				
Current:				
General Government	747,188	673,346	619,153	54,193
Security of Persons and Property:				
Police	2,371,101	2,479,367	2,287,187	192,180
Fire	818,937	783,699	752,985	30,714
Transportation	174,904	215,882	154,827	61,055
Public Health Services	377,101	377,586	359,609	17,977
Community Environment	13,698	13,078	12,848	230
Basic Utilities	2,806	2,777	2,760	17
Debt Service:				
Principal Retirement	26,803	26,803	26,803	0
Interest and Fiscal Charges	4,031	4,031	4,030	1
<i>Total Expenditures</i>	4,536,569	4,576,569	4,220,202	356,367
<i>Excess of Revenues Over (Under) Expenditures</i>	(37,589)	(87,589)	583,837	671,426
<b>Other Financing Uses</b>				
Transfers Out	0	(10,000)	(10,000)	0
<i>Net Change in Fund Balance</i>	(37,589)	(97,589)	573,837	671,426
<i>Fund Balance at Beginning of Year</i>	1,211,846	1,211,846	1,211,846	0
Prior Year Encumbrances Appropriated	42,822	42,822	42,822	0
<i>Fund Balance at End of Year</i>	\$1,217,079	\$1,157,079	\$1,828,505	\$671,426

See accompanying notes to the basic financial statements



**City of Logan, Ohio**  
*Statement of Fund Net Position*  
*Enterprise Funds*  
*December 31, 2017*

	Water	Sewer	Total Enterprise Funds
<b>Assets</b>			
Current:			
Equity in Pooled Cash and Cash Equivalents	\$585,848	\$1,601,842	\$2,187,690
Intergovernmental Receivable	0	725,407	725,407
Accounts Receivable	282,005	263,730	545,735
<i>Total Current Assets</i>	<u>867,853</u>	<u>2,590,979</u>	<u>3,458,832</u>
Noncurrent:			
Nondepreciable Capital Assets	919,834	310,671	1,230,505
Depreciable Capital Assets, Net	3,165,179	16,236,933	19,402,112
<i>Total Noncurrent Assets</i>	<u>4,085,013</u>	<u>16,547,604</u>	<u>20,632,617</u>
<i>Total Assets</i>	<u>4,952,866</u>	<u>19,138,583</u>	<u>24,091,449</u>
<b>Deferred Outflows of Resources</b>			
Pension	276,196	420,360	696,556
<b>Liabilities</b>			
Current:			
Accounts Payable	15,692	7,058	22,750
Accrued Wages Payable	21,437	20,116	41,553
Contracts Payable	0	1,773	1,773
Intergovernmental Payable	66,953	48,301	115,254
Accrued Interest Payable	454	125,357	125,811
Leave Benefits Payable	43,422	37,974	81,396
General Obligation Bonds Payable	14,010	0	14,010
OWDA Loans Payable	0	230,642	230,642
OPWC Loans Payable	650	16,289	16,939
Capital Leases Payable	2,101	39,917	42,018
<i>Total Current Liabilities</i>	<u>164,719</u>	<u>527,427</u>	<u>692,146</u>
Long-Term:			
General Obligation Bonds Payable	22,160	0	22,160
OWDA Loans Payable	849,056	8,310,070	9,159,126
OPWC Loans Payable	18,534	439,789	458,323
Capital Leases Payable	11,381	216,250	227,631
Compensated Absences Payable	17,802	28,265	46,067
Net Pension Liability	706,701	883,376	1,590,077
<i>Total Long-Term Liabilities</i>	<u>1,625,634</u>	<u>9,877,750</u>	<u>11,503,384</u>
<i>Total Liabilities</i>	<u>1,790,353</u>	<u>10,405,177</u>	<u>12,195,530</u>
<b>Deferred Inflows of Resources</b>			
Pension	90,460	5,257	95,717
<b>Net Position</b>			
Net Investment in Capital Assets	3,167,121	7,292,874	10,459,995
Unrestricted	181,128	1,855,635	2,036,763
<i>Total Net Position</i>	<u>\$3,348,249</u>	<u>\$9,148,509</u>	<u>\$12,496,758</u>

See accompanying notes to the basic financial statements.

**City of Logan, Ohio**  
*Statement of Revenues, Expenses,  
and Changes in Fund Net Position*  
*Enterprise Funds*  
For the Year December 31, 2017

	Water	Sewer	Total Enterprise Funds
<b>Operating Revenues</b>			
Charges for Services	\$1,757,104	\$1,893,032	\$3,650,136
Other Operating Revenues	4,733	3,897	8,630
<i>Total Operating Revenues</i>	<u>1,761,837</u>	<u>1,896,929</u>	<u>3,658,766</u>
<b>Operating Expenses</b>			
Salaries and Wages	575,392	493,798	1,069,190
Fringe Benefits	412,761	292,642	705,403
Contractual Services	372,496	413,101	785,597
Materials and Supplies	344,792	24,232	369,024
Depreciation	156,516	480,849	637,365
Other Operating Expenses	231	0	231
<i>Total Operating Expenses</i>	<u>1,862,188</u>	<u>1,704,622</u>	<u>3,566,810</u>
<i>Operating Income (Loss)</i>	<u>(100,351)</u>	<u>192,307</u>	<u>91,956</u>
<b>Non-Operating (Expenses)</b>			
Capital Grants	0	725,000	725,000
Interest and Fiscal Charges	(2,342)	(246,517)	(248,859)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(2,342)</u>	<u>478,483</u>	<u>476,141</u>
<i>Change in Net Position</i>	(102,693)	670,790	568,097
<i>Net Position at Beginning of Year</i>	<u>3,450,942</u>	<u>8,477,719</u>	<u>11,928,661</u>
<i>Net Position at End of Year</i>	<u>\$3,348,249</u>	<u>\$9,148,509</u>	<u>\$12,496,758</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, 2017**

	Water	Sewer	Total Enterprise Funds
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$1,728,463	\$1,873,895	\$3,602,358
Cash Payments for Employee Services and Benefits	(860,286)	(587,020)	(1,447,306)
Cash Payments to Suppliers for Goods and Services	(864,642)	(463,554)	(1,328,196)
Other Operating Revenues	4,733	3,897	8,630
Other Operating Expenses	(231)	0	(231)
<i>Net Cash Provided by Operating Activities</i>	<u>8,037</u>	<u>827,218</u>	<u>835,255</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of Capital Assets	(410,273)	(160,539)	(570,812)
Proceeds of Loans	447,596	307,979	755,575
Principal Paid on General Obligation Bonds	(13,423)	0	(13,423)
Principal Paid on Loans	(325)	(508,373)	(508,698)
Principal Paid on Capital Leases	(2,046)	(38,868)	(40,914)
Interest Paid on General Obligation Bonds	(2,018)	0	(2,018)
Interest Paid on Loans	0	(242,739)	(242,739)
Interest Paid on Capital Leases	(419)	(7,966)	(8,385)
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>19,092</u>	<u>(650,506)</u>	<u>(631,414)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	27,129	176,712	203,841
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>558,719</u>	<u>1,425,130</u>	<u>1,983,849</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$585,848</u></u>	<u><u>\$1,601,842</u></u>	<u><u>\$2,187,690</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>			
<i>Operating Income (Loss)</i>	(\$100,351)	\$192,307	\$91,956
<i>Adjustments:</i>			
Depreciation	156,516	480,849	637,365
<i>(Increase) Decrease in Assets:</i>			
Accounts Receivable	(28,767)	(19,242)	(48,009)
Intergovernmental Receivable	126	105	231
Prepaid Items	15,680	10,177	25,857
Decrease in Deferred Outflows - Pension	101,242	136,286	237,528
<i>Increase (Decrease) in Liabilities:</i>			
Accounts Payable	(18,923)	(24,962)	(43,885)
Accrued Wages Payable	(21)	7,319	7,298
Contracts Payable	(128,431)	(1,317)	(129,748)
Intergovernmental Payable	57,347	38,080	95,427
Leave Benefits Payable	43,422	37,974	81,396
Compensated Absences Payable	(46,433)	(38,515)	(84,948)
Net Pension Liability	15,819	19,775	35,594
Decrease in Deferred Inflows - Pension	(59,189)	(11,618)	(70,807)
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$8,037</u></u>	<u><u>\$827,218</u></u>	<u><u>\$835,255</u></u>

See accompanying notes to the basic financial statements.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 – Description of City and Reporting Entity**

The City of Logan (the “City”) is a municipal corporation operating under the laws of the State of Ohio. In 1838, Logan was incorporated as a village. Logan was declared a city in 1893.

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

***Reporting Entity***

The financial reporting entity consists of the primary government, component units, and other governmental organizations included to ensure 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, sewer, 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 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, and there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the primary government. No separate government units meet the criteria for inclusion as a component unit.

The City is involved with the following organizations which are defined as jointly governed organizations. Additional information concerning the jointly governed organizations is presented in Note 18.

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

**Note 2 – Summary of Significant Accounting Policies**

The financial statements of the City of Logan have been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

***A. Basis of Presentation***

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

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**Government-wide Financial Statements** The statement of net position 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 position 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 deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

**General Fund** The General Fund accounts for and reports all financial resources not 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.

**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.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**Proprietary Funds** Proprietary fund reporting focuses on the determination of operating income, changes in net position, 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 position and changes in net position. 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 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 has no fiduciary funds.

### **C. Measurement Focus**

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

**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 deferred outflows and current liabilities and current deferred inflows generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports in the sources (i.e. revenues and other financing sources) and uses (i.e. 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 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 deferred outflows and all liabilities and deferred inflows associated with the operation of these funds are included on the statement of fund net position. The statement of changes in revenues, expenses, and changes in fund net position presents increases (i.e. revenues) and decreases (i.e. 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.

### **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 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 outflows/inflows of resources, and in the presentation of expenses versus expenditures.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**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 7). 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, permissive motor vehicle and license taxes, charges for services, state-levied locally shared taxes (including gasoline), interest, grants, fees, and rentals.

**Deferred Outflows/Inflows of Resources** In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include pension reported in the government-wide statement of position. The deferred outflows related to pension are explained in Note 11.

In addition to liabilities, the statement of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows or resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, hotel tax, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 17. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 11)

**Expenses/Expenditures** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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***E. Budgetary Process***

All funds, other than agency funds, 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 within each department personal services 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 City 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 investments of the Cemetery Trust Endowment Permanent 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 2017, investments were limited to STAR Ohio and certificates of deposit. Certificates of deposit are reported at cost.

STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest is credited to the General Fund, the Capital Improvements Capital Projects Fund, the Economic Development Special Revenue Fund, and the Cemetery Endowment Permanent Fund. Interest revenue credited to the General Fund during 2017 amounted to \$15,207, which includes \$9,261 assigned from other City funds.



**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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On the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an original maturity of more than three months not purchased from the pool are reported as investments.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. The City did not have any prepaid items for 2017.

**H. Loans Receivable**

“Loans receivable” consists of low interest loans for development projects granted to eligible businesses and homeowners under the Federal Economic Development Assistance and the Community Block Grant Programs. The City administers a deferred loan program where a portion of the loan is forgiven in equal installments if the homeowners adhere to the loan guidelines. The portion of the loan receivable that may be forgiven is reported as nonspendable fund balance.

**I. 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 position 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 position 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 acquisition values as of the date received. The City maintains a capitalization threshold of five thousand 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:

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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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.

**J. Compensated Absences**

Leave benefits (vacation and compensatory leave) are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The liability for these leave benefits is recorded as "leave benefits payable", rather than a long-term liability, as the average maturity of the liability is less than one year.

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 seventeen years of service.

**K. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**Nonspendable** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans, if any.

**Restricted** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute.

**Unassigned** Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

***L. Internal 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.

***M. Accrued Liabilities and Long-Term Liabilities***

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

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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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 net pension liability 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. Bonds and capital leases are recognized as a liability on the governmental fund financial statements when due.

**N. Estimates**

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

**O. Net Position**

Net position represents the difference of all other elements in a statement of financial position. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

**P. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**Q. 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.

**R. 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 – Change in Accounting Principle**

For 2017, the City implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2016-1*. These changes were incorporated in the City's 2017 financial statements; however, there was no effect on beginning net position/fund balance.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 4 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General	Capital Improvements	Other Governmental	Total
Nonspendable:				
Loans	\$0	\$0	\$117,479	\$117,479
Endowments	0	0	137,380	137,380
<i>Total Nonspendable</i>	<u>0</u>	<u>0</u>	<u>254,859</u>	<u>254,859</u>
Restricted for:				
Street Improvements	0	0	262,523	262,523
Law Enforcement	0	0	27,494	27,494
Fire Protection	0	0	79,078	79,078
Community Development	0	0	50,238	50,238
Cemeteries	0	0	36,324	36,324
Capital Improvements	0	499,833	0	499,833
<i>Total Restricted</i>	<u>0</u>	<u>499,833</u>	<u>455,657</u>	<u>955,490</u>
Committed for:				
Fire Equipment	0	0	18,214	18,214
Parks and Recreation	0	0	18,139	18,139
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>36,353</u>	<u>36,353</u>
Assigned to:				
Purchases on Order	219,178	0	0	219,178
Assigned to Subsequent Year's Appropriations	7,451	0	0	7,451
<i>Total Assigned</i>	<u>226,629</u>	<u>0</u>	<u>0</u>	<u>226,629</u>
Unassigned:	1,746,176	0	0	1,746,176
<i>Total Fund Balances</i>	<u><u>\$1,972,805</u></u>	<u><u>\$499,833</u></u>	<u><u>\$746,869</u></u>	<u><u>\$3,219,507</u></u>

**Note 5 – Budgetary Basis of Accounting**

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (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 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:

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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 restricted, committed, or assigned fund balance (GAAP).
4. Unrecorded items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.

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
GAAP Basis	\$487,187
Revenue Accruals	69,483
Expenditure Accruals	(238,051)
Unreported Items:	
Beginning of Year	16
End of Year	(25)
Encumbrances	255,227
Budget Basis	\$573,837

**Note 6 – Deposits and Investments**

Monies held by the City are classified by State into three categories.

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

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim monies held by the City can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, 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;

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Bankers' acceptances must mature within 180 days. Commercial paper and corporate notes must mature within 270 days. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments must be purchased with the expectation that they will be held to maturity.

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

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$4,597,688 of the City's bank balance of \$5,370,308 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. (1) Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the County to a successful claim by the Federal Deposit Insurance Corporation. (2) The County's financial institution was approved for a reduced collateral rate of 102 percent through the Ohio Pooled Collateral System.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
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The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Investments** As of December 31, 2017, the City had the following investment:

<u>Measurement/Investment</u>	<u>Measurement</u>		<u>Ratings</u>
	<u>Amount</u>	<u>Maturity</u>	
Net Asset Value Per Share:			
STAROhio	\$127,989	Average 52.1 Days	AAAm

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**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 7 – Receivables**

Receivables at December 31, 2017, consisted of municipal income taxes, property taxes, accounts (billings for user fees including unbilled utility services), permissive motor vehicle license taxes, hotel tax, loans, and intergovernmental receivables arising from entitlements and shared revenues, and accrued interest on investments. 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 and public utility property located in the City. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2016 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.



**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2017 public utility property taxes become a lien December 31, 2017, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2017, was \$4.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

Real Property	\$108,574,560
Public Utility Real Property	<u>7,299,190</u>
Total Assessed Value	<u><u>\$115,873,750</u></u>

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 public utility property taxes and outstanding delinquencies which are measurable as of December 31, 2017, and for which there is an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance current year operations is offset to deferred inflows of resources – property taxes. On the accrual basis, delinquent collectible property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

**B. Income Taxes**

The City levies a municipal income tax of 2 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.

**City of Logan, Ohio**  
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*For the Year Ended December 31, 2017*

**C. Intergovernmental Receivable**

A summary of intergovernmental receivables follows:

<b>Governmental Activities:</b>	
Local Government	\$102,267
Homestead and Rollback	28,733
Gasoline Tax	127,796
Motor Vehicle License Tax	27,204
School Resource Officer Grant	26,513
Miscellaneous	2,335
<b>Total Governmental Activities</b>	<b>314,848</b>
 <b>Business-Type Activities:</b>	
Community Development Block Grant	725,000
Miscellaneous	407
<b>Total Business-Type Activities</b>	<b>725,407</b>
<b>Total Intergovernmental Receivables</b>	<b>\$1,040,255</b>

**Note 8 – Tax Abatements**

As of December 31, 2017, the County provides tax abatements through two programs: The Community Reinvestment Area (CRA) Tax Abatements and Enterprise Zone Tax Exemptions.

***Community Reinvestment Area (CRA)***

Pursuant to Ohio Revised Code Chapter 5709, the City established a Community Reinvestment Area to provide property tax abatements to encourage revitalization of existing buildings and the construction of new structures. Abatements are obtained through application by the property owner, including proof that the improvements have been made, whether the purpose was for remodeling or new construction, and the cost. The abatement is equal to 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvement. The amount of the abatement is deducted from the recipient's tax bill.

***Enterprise Zone Tax Exemptions***

For 2017, City property taxes were reduced under an enterprise tax zone exemption agreement entered into by Hocking County.

Below is the information relevant to the disclosure of those programs for the year ended December 31, 2017.

Tax Abatement Program	Amount of 2017 Taxes Abated
<i>Community Reinvestment Area (CRA)</i>	
- Retail	\$9,077

**City of Logan, Ohio**  
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City property taxes were reduced as follows under agreements entered into by overlapping governments:

Overlapping Government	Amount of 2017 Taxes Abated
<i>Enterprise Zone Tax Exemptions:</i>	
Hocking County	\$6,423

**Note 9 – Capital Assets**

Capital asset activity for the year ended December 31, 2017, was as follows:

	Balance at 12/31/16	Additions	Deductions	Balance at 12/31/17
<b>Governmental Activities:</b>				
Capital Assets not being Depreciated:				
Land	\$1,016,036	\$0	\$0	\$1,016,036
Construction in Progress	0	53,682	0	53,682
<b>Total Non-Depreciable Capital Assets</b>	<b>1,016,036</b>	<b>53,682</b>	<b>0</b>	<b>1,069,718</b>
Depreciable Capital Assets:				
Land Improvements	4,223,438	7,800	0	4,231,238
Buildings and Improvements	1,856,662	0	(963)	1,855,699
Furniture, Fixtures, and Equipment	2,504,143	26,867	(758,784)	1,772,226
Vehicles	3,200,503	187,270	(591,901)	2,795,872
City Streets	8,160,052	149,732	0	8,309,784
Street Signals	895,038	0	0	895,038
<b>Total Depreciable Capital Assets</b>	<b>20,839,836</b>	<b>371,669</b>	<b>(1,351,648)</b>	<b>19,859,857</b>
Less Accumulated Depreciation:				
Land Improvements	(2,351,829)	(64,736)	0	(2,416,565)
Buildings and Improvements	(1,044,920)	(39,945)	963	(1,083,902)
Furniture, Fixtures, and Equipment	(2,045,360)	(90,035)	743,468	(1,391,927)
Vehicles	(1,959,261)	(148,147)	576,839	(1,530,569)
City Streets	(6,508,663)	(121,946)	0	(6,630,609)
Street Signals	(806,529)	(5,355)	0	(811,884)
<b>Total Accumulated Depreciation</b>	<b>(14,716,562)</b>	<b>(470,164) *</b>	<b>1,321,270</b>	<b>(13,865,456)</b>
<b>Total Capital Assets being Depreciated, Net</b>	<b>6,123,274</b>	<b>(98,495)</b>	<b>(30,378)</b>	<b>5,994,401</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$7,139,310</b>	<b>(\$44,813)</b>	<b>(\$30,378)</b>	<b>\$7,064,119</b>

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

General Government	\$65,418
Security of Persons and Property:	
Police	61,729
Fire	116,388
Transportation	188,343
Public Health Services	10,720
Leisure Time Activities	27,566
<b>Total Depreciation Expense</b>	<b>\$470,164</b>

**City of Logan, Ohio**  
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	Balance at 12/31/16	Additions	Deductions	Balance at 12/31/17
<b>Business-Type Activities:</b>				
Capital Assets not being Depreciated:				
Land	\$216,600	\$0	\$0	\$216,600
Construction in Progress	710,971	434,111	(131,177)	1,013,905
<b>Total Capital Assets not being Depreciated</b>	<b>927,571</b>	<b>434,111</b>	<b>(131,177)</b>	<b>1,230,505</b>
Depreciable Capital Assets:				
Land Improvements	63,268	0	0	63,268
Furniture, Fixtures, and Equipment	1,312,624	0	(9,638)	1,302,986
Vehicles	552,899	13,783	0	566,682
Infrastructure	28,140,097	254,095	0	28,394,192
<b>Total Capital Assets being Depreciated</b>	<b>30,068,888</b>	<b>267,878</b>	<b>(9,638)</b>	<b>30,327,128</b>
Less Accumulated Depreciation:				
Land Improvements	(61,658)	(140)	0	(61,798)
Furniture, Fixtures, and Equipment	(980,053)	(63,145)	9,638	(1,033,560)
Vehicles	(214,166)	(45,306)	0	(259,472)
Infrastructure	(9,041,412)	(528,774)	0	(9,570,186)
<b>Total Accumulated Depreciation</b>	<b>(10,297,289)</b>	<b>(637,365)</b>	<b>9,638</b>	<b>(10,925,016)</b>
<b>Total Capital Assets being Depreciated, Net</b>	<b>19,771,599</b>	<b>(369,487)</b>	<b>0</b>	<b>19,402,112</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$20,699,170</b>	<b>\$64,624</b>	<b>(\$131,177)</b>	<b>\$20,632,617</b>

**Note 10 – Risk Management**

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

Property and Liability	Deductible	Limits of Coverage
Buildings and Contents	\$5,000	\$31,612,847
Boiler and Machinery		4,000,000
Employee Dishonesty		500,000
Crime Insurance		25,000
Employee Benefits Liability	1,000	1,000,000
Employer's Liability Stop-Gap		1,000,000
Law Enforcement Liability	10,000	1,000,000
Public Officials Liability	10,000	1,000,000
Umbrella Coverage		1,000,000
Vehicles:		
Automobile Liability		1,000,000
Uninsured Motorist		1,000,000
General Liability Per Occurrence		1,000,000
General Liability Aggregate Limit		2,000,000
Garage Keeper		60,000

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.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 11 – Defined Benefit Pension Plans**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

**City of Logan, Ohio**  
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Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
<b>2017 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2017 Actual Contribution Rates</b>	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

**City of Logan, Ohio**  
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Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$241,261 for 2017. Of this amount, \$34,488 is reported as an intergovernmental payable.

***Plan Description – Ohio Police & Fire Pension Fund (OP&F)***

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit. (See OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits.)

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	<u>Firefighters</u>
<b>2017 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2017 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$311,993 for 2017. Of this amount, \$51,202 is reported as an intergovernmental payable.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.012967%	0.0628820%	
Prior Measurement Date	<u>0.012104%</u>	<u>0.0656540%</u>	
Change in Proportionate Share	<u>0.0008630%</u>	<u>-0.0027720%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$2,944,585	\$3,982,882	\$6,927,467
Pension Expense	\$615,366	\$452,804	\$1,068,170



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At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$3,991	\$1,127	\$5,118
Changes of assumptions	467,047	0	467,047
Net difference between projected and actual earnings on pension plan investments	438,517	387,317	825,834
Changes in proportion and differences between City contributions and proportionate share of contributions	73,290	0	73,290
City contributions subsequent to the measurement date	<u>241,261</u>	<u>311,993</u>	<u>553,254</u>
<b>Total Deferred Outflows of Resources</b>	<b><u>\$1,224,106</u></b>	<b><u>\$700,437</u></b>	<b><u>\$1,924,543</u></b>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$17,525	\$9,170	\$26,695
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>51,303</u>	<u>174,943</u>	<u>226,246</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>\$68,828</u></b>	<b><u>\$184,113</u></b>	<b><u>\$252,941</u></b>

\$553,254 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2018	\$359,136	\$110,561	\$469,697
2019	408,844	110,561	519,405
2020	158,891	75,462	234,353
2021	(12,854)	(62,816)	(75,670)
2022	0	(27,005)	(27,005)
2023	<u>0</u>	<u>(2,432)</u>	<u>(2,432)</u>
<b>Total</b>	<b><u>\$914,017</u></b>	<b><u>\$204,331</u></b>	<b><u>\$1,118,348</u></b>

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

**City of Logan, Ohio**  
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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the OPERS' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2016, compared with December 31, 2015, are presented below.

	December 31, 2016	December 31, 2015
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.05 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2016, mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

For 2015, mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2015. The prior experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	<u>100.00 %</u>	<u>5.66 %</u>

**Discount Rate** The discount rate used to measure the total pension liability for 2016 was 7.5 percent. The discount rate for 2015 was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
County's proportionate share of the net pension liability	\$4,498,512	\$2,944,585	\$1,649,662

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**Actuarial Assumptions – OP&F**

OP&F's total pension liability as of December 31, 2016, is based on the results of an actuarial valuation date of January 1, 2016, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented below:

Valuation Date	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
	plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.6 percent simple for increases based on the lesser of the increase in CPI and 3 percent

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2016, are summarized below:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
<b>Total</b>	<b>120.00 %</b>	

Note: Assumptions are geometric.

\* levered 2x

OP&F's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$5,304,728	\$3,982,882	\$2,862,601

**Changes between Measurement Date and Report Date**

In October 2017, the OP&F Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25 percent to 8 percent. Although the exact amount of these changes is not known, it has the potential to impact to the City's net pension liability.

**Note 12 – Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, 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 the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

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Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$18,558, \$33,478, and \$30,175, respectively. For 2017, 92.86 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2016 and 2015.

**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 health care benefits including coverage for medical, prescription drug, dental, vision, Medicare Part B Premium, and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

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 health care 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. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2017, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care 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.

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The City's contribution to OP&F for the years ended December 31, 2017, 2016, and 2015 were \$319,561, \$290,658, and \$288,445, respectively, of which \$7,568, \$6,846, and \$6,793, respectively, was allocated to the healthcare plan. For 2017, 97.44 and 97.92 percent has been contributed for both police and firefighters with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2016 and 2015.

**Note 13 – Employee Benefits**

**A. Insurance**

In 2017, the City contracted with One America 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 of Ohio. During 2017, the monthly premium for the single coverage higher deductible and co-pay plan was \$961.71, of which, the City pays \$817.47. Monthly premium for single lower deductible and co-pay was \$810.34, with the City paying \$785.34 of the premium. The monthly premium for family lower deductible and co-pay was \$2,106.86. The City pays \$2,006.86 of the premium for employees participating in the family lower deductible and co-pay plans with the remainder being paid by the employees. Monthly premiums for the higher deductible and co-pay plan are \$2,500.50 for family coverage. The City pays \$2,125.44 of the premiums for employees participating in the family higher deductible and co-pay plans with the remainder being paid by the employees.

**B. Compensated Absences**

The criteria for determining vested sick leave benefits are derived from negotiated agreements and State laws. Upon retirement, fire and police department employees are paid, at their current rate of pay, 25% of their sick leave up to a maximum of 480 hours. All other employees, with 10 years of service who retire under the Ohio Public Retirement System are paid, at their current rate of pay, 25% of their sick leave value up to a maximum of 480 hours for employees hired prior to January 1, 2016, and a maximum of 240 hours for those employees hired on or after January 1, 2016.

Vacation entitlement accrues on the basis of continuous service as a permanent, full-time employee of the City. Vacation is earned and becomes due upon the attainment of the anniversary of the first full year of employment, and bi-weekly thereafter. Vacation can be accumulated to a maximum of 300 hours for employees following the OAPSE union agreement, a maximum of 240 hours for employees following the Ohio Patrolman's Benevolent union agreement, and a maximum of up to a 3 year accrual for employees following the Logan Professional Firefighter Association union agreement. Since the average maturity of the liability is less than one year, the liability will be reported as Leave Benefits Payable.

Employees are allowed to earn compensatory time at one and one-half rate for all time spent in active pay status in excess of the employee's regularly scheduled hours of the work week. Exempt and non-exempt employees can accumulate up to a maximum of 40 hours, OAPSE employees can accumulate up to a maximum of 80 hours, and employees following the Ohio Patrolman's Benevolent union agreement can accumulate up to a maximum of 80 hours. Compensatory time earned under the Logan Professional Firefighter Association union agreement have no maximum accumulation for comp time, however it has to be used within six months of when it was earned. Since the average maturity of the liability is less than one year, the liability will be reported as Leave Benefits Payable.



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**Note 14 – Significant Commitments**

**A. Contractual Commitments**

As of December 31, 2017, the City had contractual commitments as follows:

Project	Fund	Contract Amount	Amount Expended	Balance at 12/31/2017
Design and Engineering Water Treatment Plant	Water	\$1,466,000	\$835,832	\$630,168
Phase II Sanitary Sewer	Sewer	185,000	94,936	90,064
US 33 Resurfacing	Capital Improvement	76,795	53,682	23,113
Walhonding Project	Sewer	226,216	83,137	143,079
Totals		<u>\$1,954,011</u>	<u>\$1,067,587</u>	<u>\$886,424</u>

**B. Encumbrances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$255,227
Capital Improvements Fund	3,414
Nonmajor Governmental Funds	17,384
Water Fund	73,889
Sewer Fund	<u>121,685</u>
Total	<u>\$471,599</u>

**Note 15 – Capital Leases – Lessee Disclosure**

In previous years, the City had entered into capitalized lease agreements for fire rescue equipment and a fire truck. During 2017, the City entered into capital lease agreements for the purchase of a fire truck and three police cruisers. The leases meet the criteria of a capital lease which is defined as 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 2017 totaled \$143,821 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
2018	\$148,542
2019	140,140
2020	<u>43,867</u>
Total Minimum Lease Payments	332,549
Less: Amount Representing Interest	<u>(17,029)</u>
Present Value of Net Minimum Lease Payments	<u>\$315,520</u>

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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The equipment has been capitalized in the amount of \$823,005, the present value of the minimum lease payments at the inception of the lease. The accumulated depreciation as of December 31, 2017, was \$225,521, leaving a remaining book value of \$597,484.

In prior years, the City entered into a capitalized lease agreement in the amount of \$359,862 for the purchase of a Vactor Truck. Principal payments made in 2017 totaled \$40,914 in the Sewer and Water 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
2018	\$49,299
2019	49,299
2020	49,299
2021	143,945
Total Minimum Lease Payments	291,842
Less: Amount Representing Interest	(22,193)
Present Value of Net Minimum Lease Payments	\$269,649

The vehicle has been capitalized in the amount of \$359,862, the present value of the minimum lease payments at the inception of the lease. The accumulated depreciation as of December 31, 2017, was \$71,972, leaving a remaining book value of \$287,890.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 16 – Long-Term Obligations**

A schedule of changes in long-term obligations of the City during 2017 follows:

	Principal Outstanding 12/31/16	Additions	Deductions	Principal Outstanding 12/31/17	Amounts Due in One Year
<b>Governmental Activities:</b>					
2010 Energy Conservation General					
Obligation Bonds - 4.375%	\$99,023	\$0	\$26,803	\$72,220	\$27,973
2016 Police Cruiser Bond - 2.875%	33,000	0	6,200	26,800	6,400
<b>Total Bonds Payable</b>	<b>132,023</b>	<b>0</b>	<b>33,003</b>	<b>99,020</b>	<b>34,373</b>
Capital Leases	313,637	145,704	143,821	315,520	137,668
Net Pension Liability:					
OPERS	893,136	461,372	0	1,354,508	0
OP&F	4,223,568	0	240,686	3,982,882	0
<b>Total Net Pension Liability</b>	<b>5,116,704</b>	<b>461,372</b>	<b>240,686</b>	<b>5,337,390</b>	<b>0</b>
Compensated Absences	252,053	30,822	174,155	108,720	0
<b>Total Governmental Activities</b>	<b>\$5,814,417</b>	<b>\$637,898</b>	<b>\$591,665</b>	<b>\$5,860,650</b>	<b>\$172,041</b>
<b>Business-Type Activities:</b>					
2010 Energy Conservation General					
Obligation Bonds - 4.375%	\$49,593	\$0	\$13,423	\$36,170	\$14,010
2011 OWDA Sewer Plant Improvements					
Loan - 4.95%	8,513,454	0	224,163	8,289,291	230,642
2013 OWDA Sanitary Sewer Evaluation					
Loan - 3.84%	170,603	4,877	175,480	0	0
2015 OWDA Phase 2 Sanitary Sewer Design					
Loan - 3.42%	40,760	51,681	92,441	0	0
2016 OWDA Water Treatment Plant Improvement					
Loan - 1.64%	401,460	447,596	0	849,056	0
2017 OWDA Phase 2 Sanitary Sewer Rehab					
Loan - 0%	0	251,421	0	251,421	0
2014 OPWC Sanitary Sewer Evaluation					
Survey Loan - 0%	472,367	0	16,289	456,078	16,289
2016 OPWC Well H Emergency Rehab					
Survey Loan - 0%	19,509	0	325	19,184	650
<b>Total Loans Payable</b>	<b>9,618,153</b>	<b>\$755,575</b>	<b>\$508,698</b>	<b>\$9,865,030</b>	<b>\$247,581</b>
Capital Leases	310,563	0	40,914	269,649	42,018
Net Pension Liability - OPERS	1,203,431	386,646	0	1,590,077	0
Compensated Absences	131,015	33,715	118,663	46,067	0
<b>Total Business-Type Activities</b>	<b>\$11,312,755</b>	<b>\$1,175,936</b>	<b>\$681,698</b>	<b>\$11,806,993</b>	<b>\$303,609</b>

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

Compensated absences will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund, the Street Construction and Maintenance Special Revenue Fund, and the Water and Sewer Enterprise Funds. Capital lease obligations are paid from general property tax revenues from the Fire Levy Special Revenue Fund and charges for services revenue from the Fire Equipment Capital Projects Fund. There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the following funds: General Fund, Water Fund and Sewer Fund. For additional information related to the net pension liability see Note 11.

In June 2010, the City issued Energy Conservation General Obligation Bonds in the amount of \$371,468 at an interest rate of 4.375%. Principal and interest payments are due in June and December of each year through 2020. These bonds were issued for the purpose of energy conservation measures which included the purchase of high efficiency HVAC systems, the retrofitting of street lights and traffic signals with lower energy bulbs, and mechanical upgrades at the City Hall, Fire Department, Police Department, and Water Distribution facilities. The bonds will be retired from the General Fund and the Water Enterprise Fund.

Principal and interest requirements to retire the General Fund's portion of the energy conservation general obligation bonds outstanding at December 31, 2017, are as follows:

Year Ended December 31,	Principal	Interest	Total
2018	\$27,973	\$2,859	\$30,832
2019	29,211	1,622	30,833
2020	15,036	330	15,366
	<u>\$72,220</u>	<u>\$4,811</u>	<u>\$77,031</u>

Principal and interest requirements to retire the Water Enterprise Fund's portion of the energy conservation general obligation bonds outstanding at December 31, 2017, are as follows:

Year Ended December 31,	Principal	Interest	Total
2018	\$14,010	\$1,432	\$15,442
2019	14,629	812	15,441
2020	7,531	165	7,696
	<u>\$36,170</u>	<u>\$2,409</u>	<u>\$38,579</u>

During 2016, the City entered into a bond agreement in the amount of \$33,000 for the purchase of police cruisers. Payments will be made from the Capital Improvements Fund. Principal and interest requirements to retire the Police Cruiser Bonds at December 31, 2017, are as follows:

Year Ended December 31,	Principal	Interest
2018	\$6,400	\$770
2019	6,600	587
2020	6,800	397
2021	7,000	201
	<u>\$26,800</u>	<u>\$1,955</u>

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

The 2011 OWDA Sewer Improvements Plant Loan, authorized in the amount of \$9,348,873, 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. Principal and interest payments are due in January and July of each year through 2042.

Principal and interest requirements to retire the Sewer Improvement Plant Loan outstanding at December 31, 2017, are as follows:

Year Ended December 31,	Principal	Interest	Total
2018	\$230,642	\$236,260	\$466,902
2019	237,309	229,593	466,902
2020	244,169	222,733	466,902
2021	251,227	215,675	466,902
2022	258,489	208,413	466,902
2023 - 2027	1,408,935	925,573	2,334,508
2028 - 2032	1,624,685	711,825	2,336,510
2033 - 2037	1,873,474	461,035	2,334,509
2038 - 2042	2,160,361	174,149	2,334,510
	<u>\$8,289,291</u>	<u>\$3,385,256</u>	<u>\$11,674,547</u>

The 2013 OWDA Sanitary Sewer Evaluation Loan, authorized in the amount of \$300,000, is being used to finance a sanitation sewer study. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and will repay the debt. This loan was retired during 2017 with a new OWDA Loan.

The 2015 OWDA Sanitary Sewer Phase 2 Design Loan, authorized in the amount of \$120,000, is being used to finance phase 2 of the sanitation sewer project. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and will repay the debt. This loan was retired during 2017 with a new OWDA Loan.

The 2017 OWDA Sanitary Sewer Phase 2 Rehabilitation Loan, authorized in the amount of \$1,252,098, is being used to finance phase 2 of the sanitation sewer project. 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.

The City has pledged future sewer customer revenues to repay the OWDA loans. The loans are payable solely from net revenues. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. The total principal and interest remaining to be paid on the loans are unknown at this time since the Sewer Improvement Plant loan and Sanitary Sewer Evaluation loans are not fully drawn out. Principal and interest payments for the current year were \$751,112, net revenues were \$1,398,156, and total revenues were \$2,621,929.

The 2014 OPWC Sanitary Sewer Evaluation Loan, authorized in the amount of \$488,656 at 0% interest, was issued to finance a sanitary sewer project. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and will repay the debt. Principal payments are due in January and July of each year through 2045.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

Principal requirements to retire the Sanitary Sewer Evaluation Loan outstanding at December 31, 2017, are as follows:

Year Ended December 31,	Principal
2018	\$16,289
2019	16,289
2020	16,289
2021	16,289
2022	16,289
2023 - 2027	81,442
2028 - 2032	81,442
2033 - 2037	81,442
2038 - 2042	81,442
2043 - 2045	48,865
	<u>\$456,078</u>

During 2016, the City entered into a loan in the amount of \$19,509 with the Ohio Public Works Commission for the emergency rehabilitation of a well. The loan activity is reflected in the Water Enterprise Fund which received the proceeds and will repay the debt. Principal payments are due in January and July of each year through 2045.

Principal requirements to retire the Emergency Rehabilitation Loan outstanding at December 31, 2017, are as follows:

Year Ended December 31,	Principal
2018	\$650
2019	650
2020	650
2021	650
2022	650
2023 - 2027	3,250
2028 - 2032	3,250
2033 - 2037	3,250
2038 - 2042	3,250
2043 - 2047	2,934
	<u>\$19,184</u>

Also, during 2016, the City entered into an OWDA Loan in the amount of \$849,056 for water treatment plant 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.

The City's overall legal debt margin was \$12,139,944 at December 31, 2017.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 17 – Interfund Balances and Transfers**

The General Fund made a \$10,000 transfer to the Recreation Special Revenue Fund. This transfer was used to move unrestricted revenue collected in the General Fund to finance this program accounted for in the other fund in accordance with budgetary authorizations. The transfer was made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**Note 18 – Jointly Governed Organizations**

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

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

***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 2017, the City did not contribute any money to the Commission. Continued existence is not dependent on the City's continued participation, no equity interest exists, and no debt is outstanding.

***D. Buckeye Hills-Hocking Valley Regional Development District***

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

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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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. In 2017, the City contributed \$1,430 to the District.

**Note 19 – Contingent Liabilities**

**A. Grants**

The City received financial assistance from the federal and state agencies in the form of grants. The distribution 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, 2017.

**B. Litigation**

The City of Logan is currently party to pending litigation as confirmed by the City Law Director. The City management is of opinion that ultimate disposition of these claims and legal proceeding will not have a material effect, if any, on the financial condition of the City.



**City of Logan, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net Pension Liability*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Four Years (1)\**

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.012967%	0.012104%	0.013301%	0.013301%
City's Proportionate Share of the Net Pension Liability	\$2,944,585	\$2,096,567	\$1,604,250	\$1,568,015
City's Covered Payroll	\$1,673,908	\$1,508,733	\$1,902,567	\$1,197,023
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	175.91%	138.96%	84.32%	130.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available  
An additional column will be added for each year.

\* Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year end.

**City of Logan, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net Pension Liability*  
*Ohio Police and Fire Pension Fund*  
*Last Four Years (1)*

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.0628820%	0.0656540%	0.0671353%	0.0671353%
City's Proportionate Share of the Net Pension Liability	\$3,982,882	\$4,223,568	\$3,477,888	\$3,269,699
City's Covered Payroll	\$1,369,305	\$1,358,608	\$1,358,137	\$1,243,117
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	290.87%	310.87%	256.08%	263.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.36%	66.77%	71.71%	73.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available  
 An additional column will be added for each year.

Amounts presented as of the City's measurement date  
 which is the prior year end.

**City of Logan, Ohio**  
*Required Supplementary Information*  
*Schedule of City Contributions*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Five Years (1)*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$241,261	\$200,869	\$181,048	\$228,308	\$155,613
Contributions in Relation to the Contractually Required Contribution	<u>(241,261)</u>	<u>(200,869)</u>	<u>(181,048)</u>	<u>(228,308)</u>	<u>(155,613)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$1,855,854	\$1,673,908	\$1,508,733	\$1,902,567	\$1,197,023
Contributions as a Percentage of Covered Payroll	13.00%	12.00%	12.00%	12.00%	13.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available  
An additional column will be added for each year.

**City of Logan, Ohio**  
*Required Supplementary Information*  
*Schedule of City Contributions*  
*Ohio Police and Fire Pension Fund*  
*Last Ten Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$311,993	\$283,812	\$281,652	\$280,957
Contributions in Relation to the Contractually Required Contribution	<u>(311,993)</u>	<u>(283,812)</u>	<u>(281,652)</u>	<u>(280,957)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$1,513,724	\$1,369,305	\$1,358,608	\$1,358,137
Contributions as a Percentage of Covered Payroll:	20.61%	20.73%	20.73%	20.69%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$218,678	\$177,431	\$168,673	\$158,256	\$169,524	\$159,672
<u>(218,678)</u>	<u>(177,431)</u>	<u>(168,673)</u>	<u>(158,256)</u>	<u>(169,524)</u>	<u>(159,672)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,243,117	\$1,229,040	\$1,158,176	\$1,094,721	\$1,163,221	\$1,091,922
17.59%	14.44%	14.56%	14.46%	14.57%	14.62%

**City of Logan, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2017*

**Changes in Assumptions - OPERS**

Amounts reported for 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below:

	December 31, 2017	December 31, 2016 and Prior
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.05 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Amounts reported for 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

**City of Logan, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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The discussion and analysis of the City of Logan's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2016. 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 2016 are as follows:**

- In total, net position increased \$528,688. Net position of governmental activities increased \$278,157 from 2015. Net position of business-type activities also increased \$250,531 from 2015.
- In total, assets decreased \$1,382,023. Governmental activities increased \$451,290; the business-type activities assets increased \$930,733.
- Overall, capital assets decreased \$294,856. Total capital assets of governmental activities decreased \$260,339, or 3.5 percent. Capital assets of business-type activities increased \$555,195, or 2.8 percent.
- In total, liabilities increased \$1,742,672. Total liabilities of governmental activities increased \$777,119. Total liabilities of business-type activities increased \$965,553 from 2015.

## **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 position 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 Position 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 2016?" The Statement of Net Position 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 position and changes in those assets. This change in net position 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, 2016*  
*Unaudited*

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In the Statement of Net Position 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 78. 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 Fund and Water and Sewer Enterprise 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 Position 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, 2016*  
*Unaudited*

**THE CITY OF LOGAN AS A WHOLE**

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2016 compared to 2015.

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2106	2015
<b>Assets</b>						
Current and Other						
Assets	\$3,903,565	\$3,191,936	\$2,508,070	\$2,132,532	\$6,411,635	\$5,324,468
Capital Assets	7,139,310	7,399,649	20,699,170	20,143,975	27,838,480	27,543,624
<i>Total Assets</i>	<u>11,042,875</u>	<u>10,591,585</u>	<u>23,207,240</u>	<u>22,276,507</u>	<u>34,250,115</u>	<u>32,868,092</u>
<b>Deferred Outflows of Resources</b>						
Pension	1,319,344	551,535	481,789	146,656	1,801,133	698,191
<b>Liabilities</b>						
Current and Other Liabilities	245,123	253,194	382,332	248,673	627,455	501,867
Long-term Liabilities:						
Due Within One Year	225,390	225,525	356,542	316,000	581,932	541,525
Due in More than One Year:						
Net Pension Liability	5,116,704	4,199,801	1,203,429	882,337	6,320,133	5,082,138
Other Amounts	472,323	603,901	9,752,782	9,282,522	10,225,105	9,886,423
<i>Total Liabilities</i>	<u>6,059,540</u>	<u>5,282,421</u>	<u>11,695,085</u>	<u>10,729,532</u>	<u>17,754,625</u>	<u>16,011,953</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes	442,903	423,063	0	0	442,903	423,063
Pension	156,666	12,683	65,281	15,501	221,947	28,184
<i>Total Deferred Inflows of Resources</i>	<u>599,569</u>	<u>435,746</u>	<u>65,281</u>	<u>15,501</u>	<u>664,850</u>	<u>451,247</u>
<b>Net Position</b>						
Net Investment in						
Capital Assets	6,693,650	6,852,589	10,589,340	10,688,582	17,282,990	17,541,171
Restricted for:						
Perpetual Care:						
Non-Expendable	137,380	137,380	0	0	137,380	137,380
Police	20,295	6,668	0	0	20,295	6,668
Fire	55,667	35,960	0	0	55,667	35,960
Transportation	332,201	233,685	0	0	332,201	233,685
Capital Projects	414,131	214,896	0	0	414,131	214,896
Economic Development	358,181	689,537	0	0	358,181	689,537
Cemeteries	36,220	34,931	0	0	36,220	34,931
Community Environment	1,501	621	0	0	1,501	621
Unrestricted	(2,346,116)	(2,781,314)	1,339,321	989,548	(1,006,795)	(1,791,766)
<i>Total Net Position</i>	<u>\$5,703,110</u>	<u>\$5,424,953</u>	<u>\$11,928,661</u>	<u>\$11,678,130</u>	<u>\$17,631,771</u>	<u>\$17,103,083</u>

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The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2016 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 requires the net pension liability to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as *against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

For governmental activities, total assets increased \$451,290 mainly due to increases in current and other assets of \$711,629, which were offset by decreases in capital assets. Capital assets decreased \$260,339. The significant increase in total deferred outflow of resources in 2016 was due to an increase in the difference between projected and actual earnings on investments related to the City's net pension liability for OPERS and OP&F. Long-term liabilities increased \$785,190 due to net pension liability. The net pension liability increase represents the City's proportionate share of the OPERS traditional and the OP&F plans' unfunded benefits.

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As indicated above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

For business-type activities, capital assets increased \$555,195. Long-term liabilities increased \$831,894 mainly due to net pension liability.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2016 and 2015.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$350,263	\$346,564	\$3,384,653	\$3,047,314	\$3,734,916	\$3,393,878
Operating Grants and Contributions	533,455	766,621	25,000	0	558,455	766,621
Capital Grants and Contributions	172,088	139,559	112,183	0	284,271	139,559
<b>Total Program Revenues</b>	<b>1,055,806</b>	<b>1,252,744</b>	<b>3,521,836</b>	<b>3,047,314</b>	<b>4,577,642</b>	<b>4,300,058</b>
General Revenues:						
Property Taxes	448,753	461,013	0	0	448,753	461,013
Income Taxes	4,060,797	3,011,878	0	0	4,060,797	3,011,878
Grants and Entitlements	262,726	286,444	0	0	262,726	286,444
Hotel Tax	32,371	31,154	0	0	32,371	31,154
Interest	10,259	3,301	0	0	10,259	3,301
Sale of Capital Assets	4,716		1,630	0	6,346	0
Other	8,864	27,692	9,942	7,514	18,806	35,206
<b>Total General Revenues</b>	<b>4,828,486</b>	<b>3,821,482</b>	<b>11,572</b>	<b>7,514</b>	<b>4,840,058</b>	<b>3,828,996</b>
<b>Total Revenues</b>	<b>5,884,292</b>	<b>5,074,226</b>	<b>3,533,408</b>	<b>3,054,828</b>	<b>9,417,700</b>	<b>8,129,054</b>
<b>Program Expenses</b>						
General Government	801,689	695,427	0	0	801,689	695,427
Security of Persons and Property:						
Police	2,224,842	1,971,645	0	0	2,224,842	1,971,645
Fire	1,134,016	1,000,637	0	0	1,134,016	1,000,637
Transportation	605,720	661,985	0	0	605,720	661,985
Public Health Services	339,202	288,704	0	0	339,202	288,704
Leisure Time Activities	143,629	77,412	0	0	143,629	77,412
Community Environment	343,130	363,606	0	0	343,130	363,606
Basic Utility Services	2,374	2,149	0	0	2,374	2,149
Interest and Fiscal Charges	11,533	13,942	0	0	11,533	13,942
Water	0	0	1,507,797	1,459,114	1,507,797	1,459,114
Sewer	0	0	1,775,080	1,872,076	1,775,080	1,872,076
<b>Total Expenses</b>	<b>5,606,135</b>	<b>5,075,507</b>	<b>3,282,877</b>	<b>3,331,190</b>	<b>8,889,012</b>	<b>8,406,697</b>
<b>Change in Net Position</b>	<b>278,157</b>	<b>(1,281)</b>	<b>250,531</b>	<b>(276,362)</b>	<b>528,688</b>	<b>(277,643)</b>
<b>Net Position at Beginning of Year</b>	<b>5,424,953</b>	<b>5,426,234</b>	<b>11,678,130</b>	<b>11,954,492</b>	<b>17,103,083</b>	<b>17,380,726</b>
<b>Net Position at End of Year</b>	<b>\$5,703,110</b>	<b>\$5,424,953</b>	<b>\$11,928,661</b>	<b>\$11,678,130</b>	<b>\$17,631,771</b>	<b>\$17,103,083</b>

**Governmental Activities**

Several revenue sources fund our governmental activities, with the City income tax being the biggest contributor. The income tax rate is 2 percent. General revenues from property taxes and grants and entitlements, such as local government funds, are also large revenue generators. The City monitors these revenue sources very closely for fluctuations because the income tax, property tax, and intergovernmental revenue represent 84.1 percent, 9.3 percent, and 5.4 percent, respectively, of all general revenues in the governmental activities.

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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.

Intergovernmental revenues (operating and capital grants) and contributions accounted for 66.8 percent of all program revenues. These revenues are not generated from the City's own resources. Such revenues are often unpredictable and accompanied by administrative requirements. The lower this percentage, the better in regards to independence.

Security of persons and property is a major activity of the City, generating over 60 percent of the governmental expenses. During 2016, expenses for police and fire operations amounted to \$2,224,842 and \$1,134,016, 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 11 percent of governmental expenses.

General government, public health, leisure time activities, community environment, and basic utility service activities account for the remaining 29 percent of governmental expenditures.

***Business-Type Activities***

The City's business-type activities are composed of water and sewer operations and are funded almost entirely from charges for services. During 2016, the City collected \$337,339 more in charges for services from the previous year and spent \$48,313 less.

The City's water and sewer departments continued to operate with low rates. The minimum water and sewer rates are \$18.66 and \$16.62, respectively, for the first 2,000 gallons. Water and sewer rates for two surrounding communities are \$21.67 and \$18.19 for water and \$21.53 and \$16.04 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 \$6,240,251 and expenditures of \$5,217,806.

The fund balance of the General Fund increased \$889,947. The General Fund's balance of \$1,485,618 represented 40 percent of current year expenditures. Most of this balance remains in the City's treasury.

During 2016, the Water Fund had operating revenues of \$1,578,471 and operating expenses of \$1,504,861. The Sewer Fund had operating revenues of \$1,816,124 and operating expenses of \$1,521,792. Water and sewer rates last increased 3 percent on July 1, 2016.

***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 2016, 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 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

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fire departments, as well as most legislative and executive activities, the General Fund is monitored closely by looking for possible revenue shortfalls or overspending by individual departments.

For the General Fund, initial budgeted revenues were increased \$524,048. Final budgeted expenditures were increased \$107,807 over the original amount. The City of Logan's ending unencumbered fund cash balance in the General Fund was \$1,211,846 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, 2016  
 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$1,016,036	\$1,016,036	\$216,600	\$216,600	\$1,232,636	\$1,232,636
Construction in Progress	0	19,812	710,971	11,490	710,971	31,302
Land Improvements	1,871,609	1,938,016	1,610	1,750	1,873,219	1,939,766
Buildings and Improvements	811,742	837,341	0	0	811,742	837,341
Furniture, Fixtures, and Equipment	458,783	534,434	332,571	359,764	791,354	894,198
Vehicles	1,241,242	1,321,140	338,733	22,800	1,579,975	1,343,940
Infrastructure:						
City Streets	1,651,389	1,639,006	0	0	1,651,389	1,639,006
Street Signals	88,509	93,864	0	0	88,509	93,864
Water System	0	0	2,989,204	2,999,194	2,989,204	2,999,194
Sewer System	0	0	16,109,481	16,532,377	16,109,481	16,532,377
<b>Totals</b>	<b>\$7,139,310</b>	<b>\$7,399,649</b>	<b>\$20,699,170</b>	<b>\$20,143,975</b>	<b>\$27,838,480</b>	<b>\$27,543,624</b>

The assets of the City are reported at historical cost, net of depreciation. For additional information on capital assets, see Note 13 to the basic financial statements.

**Debt**

As of December 31, 2016, and December 31, 2015, the City had total long-term debt of \$10,423,969 and \$10,002,453, respectively, as follows:

(Table 4)  
 Outstanding Debt at December 31, 2016

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
OPWC Loans	\$0	\$0	\$491,876	\$488,656	\$491,876	\$488,656
OWDA Loans	0	0	9,126,277	8,904,292	9,126,277	8,904,292
Energy Conservation Bonds	99,023	124,684	49,593	62,445	148,616	187,129
General Obligation Bonds	33,000	18,727	0	0	33,000	18,727
Capital Leases	313,637	403,649	310,563	0	624,200	403,649
<b>Totals</b>	<b>\$445,660</b>	<b>\$547,060</b>	<b>\$9,978,309</b>	<b>\$9,455,393</b>	<b>\$10,423,969</b>	<b>\$10,002,453</b>

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The City's overall legal debt margin was \$12,232,346 at December 31, 2016. For additional information on the City's debt, see Notes 17 and 19 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. It is imperative that the City of Logan continues to tighten spending to better bring expenses in line with revenues. The City must carefully watch financial planning if it hopes to remain on firm financial footing.

**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 Anna T. Lindsay, Logan City Auditor, 10 South Mulberry Street, Logan, Ohio 43138.

**City of Logan, Ohio**  
*Statement of Net Position*  
*December 31, 2016*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,915,525	\$1,983,849	\$3,899,374
Investments in Segregated Accounts	137,380	0	137,380
Accrued Interest Receivable	1,962	0	1,962
Intergovernmental Receivable	505,490	638	506,128
Prepaid Items	66,271	25,857	92,128
Accounts Receivable	0	497,726	497,726
Permissive MVL Taxes Receivable	2,391	0	2,391
Hotel Tax Receivable	32,371	0	32,371
Income Taxes Receivable	648,420	0	648,420
Property Taxes Receivable	425,480	0	425,480
Loans Receivable	168,275	0	168,275
Nondepreciable Capital Assets	1,016,036	927,571	1,943,607
Depreciable Capital Assets, Net	6,123,274	19,771,599	25,894,873
<i>Total Assets</i>	<u>11,042,875</u>	<u>23,207,240</u>	<u>34,250,115</u>
<b>Deferred Outflows of Resources</b>			
Pension	1,319,344	481,789	1,801,133
<b>Liabilities</b>			
Accounts Payable	76,841	66,635	143,476
Accrued Wages Payable	106,528	34,255	140,783
Accrued Interest Payable	2,722	130,094	132,816
Intergovernmental Payable	59,032	19,827	78,859
Contracts Payable	0	131,521	131,521
Long-Term Liabilities:			
Due within One Year	225,390	356,542	581,932
Due in More than One Year:			
Net Pension Liability (See Note 14)	5,116,704	1,203,431	6,320,135
Other Amounts Due in More than One Year	472,323	9,752,782	10,225,105
<i>Total Liabilities</i>	<u>6,059,540</u>	<u>11,695,087</u>	<u>17,754,627</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	442,903	0	442,903
Pension	156,666	65,281	221,947
<i>Total Deferred Inflows of Resources</i>	<u>599,569</u>	<u>65,281</u>	<u>664,850</u>
<b>Net Position</b>			
Net Investment in Capital Assets	6,693,650	10,589,340	17,282,990
Restricted for:			
Perpetual Care:			
Non-Expendable	137,380	0	137,380
Police	20,295	0	20,295
Fire	55,667	0	55,667
Transportation	332,201	0	332,201
Capital Projects	414,131	0	414,131
Economic Development	358,181	0	358,181
Cemeteries	36,220	0	36,220
Community Environment	1,501	0	1,501
Unrestricted (Deficit)	(2,346,116)	1,339,321	(1,006,795)
<i>Total Net Position</i>	<u>\$5,703,110</u>	<u>\$11,928,661</u>	<u>\$17,631,771</u>

See accompanying notes to the basic financial statements.

**City of Logan, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2016

	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government	\$801,689	\$36,768	\$0	\$14
Security of Persons and Property:				
Police	2,224,842	30,045	127,552	0
Fire	1,134,016	127,704	31,589	0
Transportation	605,720	35,126	339,631	172,074
Public Health Services	339,202	47,719	1,488	0
Leisure Time Activities	143,629	72,901	31,671	0
Community Environment	343,130	0	1,524	0
Basic Utility Services	2,374	0	0	0
Interest and Fiscal Charges	11,533	0	0	0
<i>Total Governmental Activities</i>	<u>5,606,135</u>	<u>350,263</u>	<u>533,455</u>	<u>172,088</u>
<b>Business-Type Activities</b>				
Water	1,507,797	1,568,821	25,000	0
Sewer	1,775,080	1,815,832	0	112,183
<i>Total Business-Type Activities</i>	<u>3,282,877</u>	<u>3,384,653</u>	<u>25,000</u>	<u>112,183</u>
<i>Totals</i>	<u>\$8,889,012</u>	<u>\$3,734,916</u>	<u>\$558,455</u>	<u>\$284,271</u>

**General Revenues**

Property Taxes Levied for:  
    General Purposes  
    Police  
    Fire  
Income Taxes Levied for:  
    General Purposes  
    Capital Improvements  
Hotel Tax  
Grants and Entitlements not Restricted to Specific Programs  
Gain on Sale of Capital Assets  
Interest  
Other

*Total General Revenues*

*Change in Net Position*

*Net Position at Beginning of Year*

*Net Position at End of Year*

See accompanying notes to the basic financial statements.



Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$764,907)	\$0	(\$764,907)
(2,067,245)	0	(2,067,245)
(974,723)	0	(974,723)
(58,889)	0	(58,889)
(289,995)	0	(289,995)
(39,057)	0	(39,057)
(341,606)	0	(341,606)
(2,374)	0	(2,374)
(11,533)	0	(11,533)
(4,550,329)	0	(4,550,329)
0	86,024	86,024
0	152,935	152,935
0	238,959	238,959
(4,550,329)	238,959	(4,311,370)
176,745	0	176,745
58,492	0	58,492
213,516	0	213,516
3,654,718	0	3,654,718
406,079	0	406,079
32,371	0	32,371
262,726	0	262,726
4,716	1,630	6,346
10,259	0	10,259
8,864	9,942	18,806
4,828,486	11,572	4,840,058
278,157	250,531	528,688
5,424,953	11,678,130	17,103,083
<u>\$5,703,110</u>	<u>\$11,928,661</u>	<u>\$17,631,771</u>

**City of Logan, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2016*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,254,684	\$660,841	\$1,915,525
Investments in Segregated Accounts	0	137,380	137,380
Receivables:			
Accrued Interest	1,649	313	1,962
Intergovernmental	152,731	352,759	505,490
Prepaid Items	57,899	8,372	66,271
Permissive MVL Taxes	0	2,391	2,391
Income Taxes	583,578	64,842	648,420
Property Taxes	187,175	270,676	457,851
Loans	0	168,275	168,275
<i>Total Assets</i>	<u>\$2,237,716</u>	<u>\$1,665,849</u>	<u>\$3,903,565</u>
<b>Liabilities</b>			
Accounts Payable	\$74,384	\$2,457	\$76,841
Accrued Wages Payable	99,305	7,223	106,528
Intergovernmental Payable	56,071	2,961	59,032
<i>Total Liabilities</i>	<u>229,760</u>	<u>12,641</u>	<u>242,401</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	178,432	264,471	442,903
Unavailable Revenue	343,906	359,915	703,821
<i>Total Deferred Inflows of Resources</i>	<u>522,338</u>	<u>624,386</u>	<u>1,146,724</u>
<b>Fund Balances</b>			
Nonspendable	57,899	288,629	346,528
Restricted	0	711,986	711,986
Committed	0	28,207	28,207
Assigned	28,800	0	28,800
Unassigned	1,398,919	0	1,398,919
<i>Total Fund Balances</i>	<u>1,485,618</u>	<u>1,028,822</u>	<u>2,514,440</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$2,237,716</u>	<u>\$1,665,849</u>	<u>\$3,903,565</u>

See accompanying notes to the basic financial statements.

**City of Logan, Ohio**  
*Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
December 31, 2016*

<b>Total Governmental Fund Balances</b>		<b>\$2,514,440</b>
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,139,310
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	10,494	
Income Taxes	264,764	
Hotel Tax	1,906	
Intergovernmental Revenues	426,657	703,821
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	1,319,344	
Deferred Inflows - Pension	(156,666)	
Net Pension Liability	(5,116,704)	(3,954,026)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Leases Payable	(313,637)	
General Obligation Bonds Payable	(33,000)	
Energy Conservation Bonds Payable	(99,023)	
Accrued Interest Payable	(2,722)	
Compensated Absences Payable	(252,053)	(700,435)
<i>Net Position of Governmental Activities</i>		<b>\$5,703,110</b>

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, 2016*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$178,197	\$275,855	\$454,052
Income Taxes	3,816,343	424,038	4,240,381
Permissive MVL Taxes	0	35,126	35,126
Hotel Tax	32,371	0	32,371
Intergovernmental	398,681	694,387	1,093,068
Charges for Services	160,973	136,703	297,676
Fines, Licenses, and Permits	24,762	527	25,289
Interest	10,259	351	10,610
Donations	0	34,340	34,340
Other	16,816	522	17,338
<i>Total Revenues</i>	<u>4,638,402</u>	<u>1,601,849</u>	<u>6,240,251</u>
<b>Expenditures</b>			
Current:			
General Government	541,789	0	541,789
Security of Persons and Property:			
Police	1,992,701	15,853	2,008,554
Fire	701,321	219,114	920,435
Transportation	144,422	281,541	425,963
Public Health Services	321,102	199	321,301
Leisure Time Activities	0	115,362	115,362
Community Environment	11,130	332,000	343,130
Basic Utility Services	2,374	0	2,374
Capital Outlay	0	392,591	392,591
Debt Service:			
Principal Retirement	25,661	108,739	134,400
Interest and Fiscal Charges	5,171	6,736	11,907
<i>Total Expenditures</i>	<u>3,745,671</u>	<u>1,472,135</u>	<u>5,217,806</u>
<i>Excess of Revenues Over(Under) Expenditures</i>	<u>892,731</u>	<u>129,714</u>	<u>1,022,445</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Capital Assets	4,716	0	4,716
Transfers In	0	7,500	7,500
Bond Proceeds	0	33,000	33,000
Transfers Out	(7,500)	0	(7,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,784)</u>	<u>40,500</u>	<u>37,716</u>
<i>Net Change in Fund Balance</i>	889,947	170,214	1,060,161
<i>Fund Balances at Beginning of Year</i>	<u>595,671</u>	<u>858,608</u>	<u>1,454,279</u>
<i>Fund Balances at End of Year</i>	<u><u>\$1,485,618</u></u>	<u><u>\$1,028,822</u></u>	<u><u>\$2,514,440</u></u>

See accompanying notes to the basic financial statements.

**City of Logan, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2016*

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**Net Change in Fund Balances - Total Governmental Funds** \$1,060,161

***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 depreciation exceeded capital outlay in the current period:

Capital Assets Additions	204,948	
Depreciation Expense	<u>(465,287)</u>	(260,339)

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

Delinquent Property Taxes	(5,299)	
Income Taxes	(179,584)	
Intergovernmental Revenues	(159,490)	
Charges for Services	(7,828)	
Other Revenue	<u>(8,474)</u>	(360,675)

Repayments of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 134,400

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, interest is expended when due. 374

Other financing sources in the governmental funds that increase long-term liabilities in the statement of net assets are not reported:

Bond Proceeds		(33,000)
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Some expenses, such as compensated absences, 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. 30,313

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows. 369,384

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement Activities. (662,461)

*Change in Net Position of Governmental Activities* \$278,157

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property and Other Local Taxes	\$182,360	\$203,467	\$210,142	\$6,675
Income Taxes	3,262,191	3,698,913	3,759,184	60,271
Intergovernmental	337,096	373,463	388,452	14,989
Charges for Services	139,821	171,280	161,123	(10,157)
Fines, Licenses, and Permits	23,799	35,800	27,425	(8,375)
Interest	9,763	7,400	11,250	3,850
Other	14,593	3,358	16,817	13,459
<i>Total Revenues</i>	<u>3,969,623</u>	<u>4,493,681</u>	<u>4,574,393</u>	<u>80,712</u>
<b>Expenditures</b>				
Current:				
General Government	691,081	709,564	627,307	82,257
Security of Persons and Property:				
Police	2,106,616	2,162,968	2,006,206	156,762
Fire	727,548	747,009	692,869	54,140
Transportation	155,385	159,542	147,979	11,563
Public Health Services	335,019	343,980	319,050	24,930
Community Environment	12,169	12,495	11,589	906
Basic Utilities	2,493	2,560	2,374	186
Debt Service:				
Principal Retirement	25,661	25,661	25,661	0
Interest and Fiscal Charges	5,171	5,171	5,171	0
<i>Total Expenditures</i>	<u>4,061,143</u>	<u>4,168,950</u>	<u>3,838,206</u>	<u>330,744</u>
<i>Excess of Revenues Under Expenditures</i>	(91,520)	324,731	736,187	411,456
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	0	942	4,716	3,774
Transfers Out	0	(7,500)	(7,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(6,558)</u>	<u>(2,784)</u>	<u>3,774</u>
<i>Net Change in Fund Balance</i>	(91,520)	318,173	733,403	415,230
<i>Fund Balance at Beginning of Year</i>	369,966	369,966	369,966	0
Prior Year Encumbrances Appropriated	108,477	108,477	108,477	0
<i>Fund Balance at End of Year</i>	<u>\$386,923</u>	<u>\$796,616</u>	<u>\$1,211,846</u>	<u>\$415,230</u>

See accompanying notes to the basic financial statements

**City of Logan, Ohio**  
*Statement of Fund Net Position*  
*Enterprise Funds*  
*December 31, 2016*

	Water	Sewer	Total Enterprise Funds
<b>Assets</b>			
Current:			
Equity in Pooled Cash and Cash Equivalents	\$558,719	\$1,425,130	\$1,983,849
Intergovernmental Receivable	126	512	638
Prepaid Items	15,680	10,177	25,857
Accounts Receivable	253,238	244,488	497,726
<i>Total Current Assets</i>	<u>827,763</u>	<u>1,680,307</u>	<u>2,508,070</u>
Noncurrent:			
Nondepreciable Capital Assets	612,112	315,459	927,571
Depreciable Capital Assets, Net	3,219,144	16,552,455	19,771,599
<i>Total Noncurrent Assets</i>	<u>3,831,256</u>	<u>16,867,914</u>	<u>20,699,170</u>
<i>Total Assets</i>	<u>4,659,019</u>	<u>18,548,221</u>	<u>23,207,240</u>
<b>Deferred Outflows of Resources</b>			
Pension	260,664	221,125	481,789
<b>Liabilities</b>			
Current:			
Accounts Payable	34,615	32,020	66,635
Accrued Wages Payable	21,458	12,797	34,255
Contracts Payable	128,431	3,090	131,521
Intergovernmental Payable	9,606	10,221	19,827
Accrued Interest Payable	549	129,545	130,094
General Obligation Bonds Payable	13,416	0	13,416
OWDA Loans Payable	0	224,163	224,163
OPWC Loans Payable	325	16,289	16,614
Capital Leases Payable	2,046	38,868	40,914
Compensated Absences Payable	37,032	24,403	61,435
<i>Total Current Liabilities</i>	<u>247,478</u>	<u>491,396</u>	<u>738,874</u>
Long-Term:			
General Obligation Bonds Payable	36,177	0	36,177
OWDA Loans Payable	401,460	8,500,654	8,902,114
OPWC Loans Payable	19,184	456,078	475,262
Capital Leases Payable	13,482	256,167	269,649
Compensated Absences Payable	27,203	42,377	69,580
Net Pension Liability	668,806	534,625	1,203,431
<i>Total Long-Term Liabilities</i>	<u>1,166,312</u>	<u>9,789,901</u>	<u>10,956,213</u>
<i>Total Liabilities</i>	<u>1,413,790</u>	<u>10,281,297</u>	<u>11,695,087</u>
<b>Deferred Inflows of Resources</b>			
Pension	54,951	10,330	65,281
<b>Net Position</b>			
Net Investment in Capital Assets	3,216,735	7,372,605	10,589,340
Unrestricted	234,207	1,105,114	1,339,321
<i>Total Net Position</i>	<u>\$3,450,942</u>	<u>\$8,477,719</u>	<u>\$11,928,661</u>

See accompanying notes to the basic financial statements.

**City of Logan, Ohio**  
*Statement of Revenues, Expenses,  
and Changes in Fund Net Position*  
*Enterprise Funds*  
For the Year December 31, 2016

	Water	Sewer	Total Enterprise Funds
<b>Operating Revenues</b>			
Charges for Services	\$1,568,821	\$1,815,832	\$3,384,653
Other Operating Revenues	9,650	292	9,942
<i>Total Operating Revenues</i>	<u>1,578,471</u>	<u>1,816,124</u>	<u>3,394,595</u>
<b>Operating Expenses</b>			
Salaries and Wages	557,330	457,390	1,014,720
Fringe Benefits	302,438	276,443	578,881
Contractual Services	237,945	272,248	510,193
Materials and Supplies	258,085	36,247	294,332
Depreciation	148,993	479,464	628,457
Other Operating Expenses	70	0	70
<i>Total Operating Expenses</i>	<u>1,504,861</u>	<u>1,521,792</u>	<u>3,026,653</u>
<i>Operating Income</i>	73,610	294,332	367,942
<b>Non-Operating (Expenses)</b>			
Operating Grants	25,000	0	25,000
Capital Grants and Contributions	0	112,183	112,183
Gail on Sale of Capital Assets	1,287	343	1,630
Interest and Fiscal Charges	(2,936)	(253,288)	(256,224)
<i>Total Non-Operating Revenues (Expenses)</i>	23,351	(140,762)	(117,411)
<i>Change in Net Position</i>	96,961	153,570	250,531
<i>Net Position at Beginning of Year</i>	<u>3,353,981</u>	<u>8,324,149</u>	<u>11,678,130</u>
<i>Net Position at End of Year</i>	<u><u>\$3,450,942</u></u>	<u><u>\$8,477,719</u></u>	<u><u>\$11,928,661</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, 2016

	Water	Sewer	Total Enterprise Funds
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$1,523,466	\$1,777,064	\$3,300,530
Cash Payments for Employee Services and Benefits	(858,628)	(730,584)	(1,589,212)
Cash Payments to Suppliers for Goods and Services	(380,051)	(302,031)	(682,082)
Other Operating Revenues	13,527	3,095	16,622
Other Operating Expenses	(70)	0	(70)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>298,244</u>	<u>747,544</u>	<u>1,045,788</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of Capital Assets	(622,938)	(200,852)	(823,790)
Proceeds from Sale of Capital Assets	1,287	343	1,630
Proceeds of Loans	420,969	45,890	466,859
Principal Paid on General Obligation Bonds	(12,852)	0	(12,852)
Principal Paid on Loans	0	(241,654)	(241,654)
Principal Paid on Capital Leases	(2,465)	(46,834)	(49,299)
Interest Paid on General Obligation Bonds	(2,590)	0	(2,590)
Interest Paid on Loans	0	(249,037)	(249,037)
Capital Grants and Contributions	0	112,183	112,183
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(218,589)</u>	<u>(579,961)</u>	<u>(798,550)</u>
<b>Cash Flows from Non-Capital and Related Financing Activities</b>			
Operating Grants	25,000	0	25,000
<i>Net Increase in Cash and Cash Equivalents</i>	104,655	167,583	272,238
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>454,064</u>	<u>1,257,547</u>	<u>1,711,611</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$558,719</u>	<u>\$1,425,130</u>	<u>\$1,983,849</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>			
<i>Operating Income (Loss)</i>	\$73,610	\$294,332	\$367,942
<i>Adjustments:</i>			
Depreciation	148,993	479,464	628,457
<i>(Increase) Decrease in Assets:</i>			
Accounts Receivable	(41,352)	(35,893)	(77,245)
Intergovernmental Receivable	(126)	(72)	(198)
Prepaid Items	(15,680)	(10,177)	(25,857)
(Increase) Decrease in Deferred Outflows - Pension	46,369	35,023	81,392
<i>Increase (Decrease) in Liabilities:</i>			
Accounts Payable	(12,452)	3,386	(9,066)
Accrued Wages Payable	5,981	3,518	9,499
Contracts Payable	128,431	3,090	131,521
Intergovernmental Payable	(1,628)	(1,264)	(2,892)
Compensated Absences Payable	83	(12,197)	(12,114)
Net Pension Liability	(6,889)	(5,507)	(12,396)
Increase (Decrease) in Deferred Inflows - Pension	(27,096)	(6,159)	(33,255)
<i>Net Cash Provided by Operating Activities</i>	<u>\$298,244</u>	<u>\$747,544</u>	<u>\$1,045,788</u>

During 2016, the Water and Sewer Funds entered into a capital lease which resulted in a non-cash transaction in the amount of \$17,993 in the Water Fund and \$341,869 in the Sewer Fund.

See accompanying notes to the basic financial statements.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 – Description of City and Reporting Entity**

The City of Logan (the “City”) is a municipal corporation operating under the laws of the State of Ohio. In 1838, Logan was incorporated as a village. Logan was declared a city in 1893.

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

***Reporting Entity***

The financial reporting entity consists of the primary government, component units, and other governmental organizations included to ensure 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 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, and there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the primary government. No separate government units meet the criteria for inclusion as a component unit.

The City participates in four jointly governed organizations. These organizations are presented in Note 12 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

**Note 2 – Summary of Significant Accounting Policies**

The financial statements of the City of Logan have been prepared in conformity to accounting principles generally accepted in the United States of America 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 more significant of the City’s accounting policies are described below.

***A. Basis of Presentation***

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

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**Government-wide Financial Statements** The statement of net position 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 position 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 deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

**General Fund** The General Fund accounts for and reports all financial resources not 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.

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 position, 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.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**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 position and changes in net position. 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 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 has no fiduciary funds.

### **C. Measurement Focus**

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

**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 deferred outflows and current liabilities and current deferred inflows 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 deferred outflows and all liabilities and deferred inflows associated with the operation of these funds are included on the statement of fund net position. The statement of changes in revenues, expenses, and changes in fund net position 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.

### **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 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 outflows/inflows of resources, 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.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
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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 7). 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, permissive motor vehicle and license taxes, charges for services, state-levied locally shared taxes (including gasoline), interest, grants, fees, and rentals.

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include pension reported in the government-wide statement of position. The deferred outflows related to pension are explained in Note 14.

In addition to liabilities, the statement of financial position report will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows or resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance fiscal year 2017 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, hotel tax, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 79. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 14)

***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.

#### ***E. Budgetary Process***

All funds, other than agency funds, 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 within each department personal services level.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
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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 City 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 Endowment Permanent 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 2016, investments were limited to STAR Ohio and certificates of deposit. Certificates of deposit are reported at cost.

STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest is credited to the General Fund, the Capital Improvements Capital Projects Fund, and the Cemetery Special Revenue Fund. Interest revenue credited to the General Fund during 2016 amounted to \$10,259, which includes \$6,955 assigned from other City funds.

The Cemetery Endowment Permanent Fund certificate of deposit is reflected as "Investments in Segregated Accounts."

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.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
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**G. Prepaids**

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

**H. Loans Receivable**

“Loans receivable” consists of low interest loans for development projects granted to eligible businesses and homeowners under the Federal Economic Development Assistance and the Community Block Grant Programs. The City administers a deferred loan program where a portion of the loan is forgiven in equal installments if the homeowners adhere to the loan guidelines. The portion of the loan receivable that may be forgiven is reported as nonspendable fund balance.

**I. 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 position 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 position 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 acquisition values as of the date received. The City maintains a capitalization threshold of five thousand 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.

**J. 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.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
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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 seventeen years of service.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account, "Matured Compensated Absences Payable" in the fund from which the employees will be paid. The remaining portion of the liability is not reported.

**K. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**Nonspendable** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans, if any.

**Restricted** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute.



**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
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**Unassigned** Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**L. Internal 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.

**M. Accrued Liabilities and Long-Term Liabilities**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, and net pension liability 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. Bonds and capital leases are recognized as a liability on the governmental fund financial statements when due.

**N. Estimates**

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

**O. Net Position**

Net position represents the difference of all other elements in a statement of financial position. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
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**P. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**Q. 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.

**R. 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 – Change in Accounting Principle**

For 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application," GASB Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68," GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," GASB Statement No. 79, "Certain External Investment Pools and Pool Participants," GASB Statement No. 77, "Tax Abatement Disclosures," and GASB Statement No. 82, "Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73."

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the City's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68. The implementation of this GASB pronouncement did not result in any changes to the City's financial statements.

GASB Statement No. 76 identifies in the context of the current governmental financial reporting environment the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this GASB pronouncement did not result in any changes to the City's financial statements.

GASB Statement No. 77 requires disclosure of information about the nature and magnitude of tax abatements. These changes were incorporated in the City's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

**City of Logan, Ohio**  
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GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The City participates in STAR Ohio which implemented GASB Statement No. 79 for 2016. The City incorporated the corresponding GASB 79 guidance into their 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the City's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

**Note 4 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General	Other Governmental	Total
Nonspendable:			
Loans	\$0	\$142,877	\$142,877
Prepays	57,899	8,372	66,271
Endowments	0	137,380	137,380
<i>Total Nonspendable</i>	<u>57,899</u>	<u>288,629</u>	<u>346,528</u>
Restricted for:			
Street Improvements	0	198,667	198,667
Law Enforcement	0	17,609	17,609
Fire Protection	0	35,026	35,026
Parks and Recreation	0	4,097	4,097
Community Development	0	32,712	32,712
Cemeteries	0	36,220	36,220
Capital Improvements	0	387,655	387,655
<i>Total Restricted</i>	<u>0</u>	<u>711,986</u>	<u>711,986</u>
Committed for:			
Fire Equipment	0	17,444	17,444
Parks and Recreation	0	10,763	10,763
<i>Total Committed</i>	<u>0</u>	<u>28,207</u>	<u>28,207</u>
Assigned to:			
Other Purposes	28,800	0	28,800
Unassigned:	<u>1,398,919</u>	<u>0</u>	<u>1,398,919</u>
<i>Total Fund Balances</i>	<u><u>\$1,485,618</u></u>	<u><u>\$1,028,822</u></u>	<u><u>\$2,514,440</u></u>

**City of Logan, Ohio**  
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**Note 5 – Budgetary Basis of Accounting**

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (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 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 restricted, committed, or assigned fund balance (GAAP).
4. Unrecorded items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.

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
GAAP Basis	\$889,947
Revenue Accruals	(64,008)
Expenditure Accruals	(135,357)
Unreported Items:	
Beginning of Year	15
End of Year	(16)
Encumbrances	42,822
Budget Basis	\$733,403

**Note 6 – Deposits and Investments**

Monies held by the City are classified by State into three categories.

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

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

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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Interim monies held by the City can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, 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 any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City. Investments must be purchased with the expectation that they will be held to maturity. Investments may only be made through specified dealers and institutions.

**Cash on Hand** At year end, the City had \$3,067 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

**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 \$3,907,055 and the bank balance was \$4,110,181. Of the bank balance, \$750,000 was covered by Federal depository insurance and \$3,360,181 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

**City of Logan, Ohio**  
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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, 2016, the City's investment in STAR Ohio had an average maturity of 51.6 days and a fair value of \$126,632. 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.

**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 7 – Receivables**

Receivables at December 31, 2016, consisted of municipal income taxes, property taxes, accounts (billings for user fees including unbilled utility services), permissive motor vehicle license taxes, hotel tax, loans, intergovernmental receivables arising from entitlements and shared revenues, and accrued interest on investments. 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 and public utility property located in the City. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2015 real property taxes are levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes become a lien December 31, 2016, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2016, was \$4.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2016 property tax receipts were based are as follows:

Real Property	\$110,649,660
Public Utility Real Property	<u>6,163,160</u>
Total Assessed Value	<u><u>\$116,812,820</u></u>

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 public utility property taxes and outstanding delinquencies which are measurable as of December 31, 2016, and for which there is an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance current year operations is offset to deferred inflows of resources – property taxes. On the accrual basis, delinquent collectible property taxes have been recorded as a

**City of Logan, Ohio**  
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receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

**B. Income Taxes**

The City levies a municipal income tax of 2 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. Intergovernmental Receivable**

A summary of intergovernmental receivables follows:

<b>Governmental Activities:</b>	
Local Government	\$104,742
Homestead and Rollback	28,971
Gasoline Tax	122,636
Motor Vehicle License Tax	31,833
Permissive Tax	2,391
School Resource Officer Grant	31,272
CHIP Grants	179,996
Miscellaneous	6,040
<b>Total Governmental Activities</b>	<b>507,881</b>
 <b>Business-Type Activities:</b>	
Miscellaneous	638
<b>Total Intergovernmental Receivables</b>	<b><u><u>\$508,519</u></u></b>

**Note 8– Tax Abatements**

As of December 31, 2016, the County provides tax abatements through two programs: The Community Reinvestment Area (CRA) Tax Abatements and Enterprise Zone Tax Exemptions.

**Community Reinvestment Area (CRA)**

Pursuant to Ohio Revised Code Chapter 5709, the City established a Community Reinvestment Area to provide property tax abatements to encourage revitalization of existing buildings and the construction of new structures. Abatements are obtained through application by the property owner, including proof that the improvements have been made, whether the purpose was for remodeling or new construction, and the cost. The abatement is equal to 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvement. The amount of the abatement is deducted from the recipient’s tax bill.

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**Enterprise Zone Tax Exemptions**

For 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 77, "Tax Abatement Disclosures." This GASB pronouncement requires disclosure of information about the nature and magnitude of tax abatements. For 2016, City property taxes were reduced under an enterprise tax zone exemption agreement entered into by Hocking County.

Below is the information relevant to the disclosure of those programs for the year ended December 31, 2016.

Tax Abatement Program	Amount of 2016 Taxes Abated
<i>Community Reinvestment Area (CRA)</i>	
- Retail	\$7,979

City property taxes were reduced as follows under agreements entered into by overlapping governments:

Overlapping Government	Amount of 2016 Taxes Abated
<i>Enterprise Zone Tax Exemptions:</i>	
Hocking County	\$7,670

**Note 9 – Contractual Commitments**

As of December 31, 2016, the City had contractual commitments as follows:

Project	Fund	Contract Amount	Amount Expended	Balance at 12/31/2016
Design and Engineering Water Treatment Plant	Water	\$1,466,000	\$524,053	\$941,947
Phase II Sanitary Sewer	Sewer	115,000	45,874	69,126
Good Year Lift Station #2	Sewer	14,050	10,742	3,308
Walhonding Project	Sewer	27,720	8,900	18,820
Totals		\$1,622,770	\$589,569	\$1,033,201

**Note 10 – Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.



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

Property and Liability	Deductible	Limits of Coverage
Buildings and Contents	\$5,000	\$31,063,899
Boiler and Machinery		4,000,000
Employee Dishonesty		500,000
Crime Insurance		10,000
Employee Benefits Liability	1,000	1,000,000
Employer's Liability Stop-Gap		1,000,000
Law Enforcement Liability	10,000	1,000,000
Public Officials Liability	10,000	1,000,000
Umbrella Coverage		1,000,000
Vehicles:		
Automobile Liability		1,000,000
Uninsured Motorist		1,000,000
General Liability Per Occurrence		1,000,000
General Liability Aggregate Limit		2,000,000
Garage Keeper		60,000

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.

**Note 11 – Interfund Balances and Transfers**

The General Fund made a \$7,500 transfer to the Recreation Special Revenue Fund. This transfer was used to move unrestricted revenue collected in the General Fund to finance this program accounted for in the other fund in accordance with budgetary authorizations. The transfer was made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**Note 12 – Jointly Governed Organizations**

**A. Hocking Metropolitan Housing Authority**

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

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

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

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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***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 2016, the City did not contribute any money to the Commission. Continued existence is not dependent on the City's continued participation, no equity interest exists, and no debt is outstanding.

***D. Buckeye Hills-Hocking Valley Regional Development District***

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

The District administers County Community Development Block Grant and Issue II monies. The continued existence of the District is not dependent on the City's continued participation and no equity interest exists. In 2016 the City did not contribute any money to the District.

**City of Logan, Ohio**  
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**Note 13 – Capital Assets**

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance at 12/31/15	Additions	Deductions	Balance at 12/31/16
<b>Governmental Activities:</b>				
Capital Assets not being Depreciated:				
Land	\$1,016,036	\$0	\$0	\$1,016,036
Construction in Progress	19,812	0	19,812	0
<b>Total Non-Depreciable Capital Assets</b>	<b>1,035,848</b>	<b>0</b>	<b>19,812</b>	<b>1,016,036</b>
Depreciable Capital Assets:				
Land Improvements	4,223,438	0	0	4,223,438
Buildings and Improvements	1,843,212	13,450	0	1,856,662
Furniture, Fixtures, and Equipment	2,506,973	16,994	19,824	2,504,143
Vehicles	3,177,353	65,440	42,290	3,200,503
City Streets	8,031,176	128,876	0	8,160,052
Street Signals	895,038	0	0	895,038
<b>Total Depreciable Capital Assets</b>	<b>20,677,190</b>	<b>224,760</b>	<b>62,114</b>	<b>20,839,836</b>
Less Accumulated Depreciation:				
Land Improvements	(2,285,422)	(66,407)	0	(2,351,829)
Buildings and Improvements	(1,005,871)	(39,049)	0	(1,044,920)
Furniture, Fixtures, and Equipment	(1,972,539)	(92,645)	(19,824)	(2,045,360)
Vehicles	(1,856,213)	(145,338)	(42,290)	(1,959,261)
City Streets	(6,392,170)	(116,493)	0	(6,508,663)
Street Signals	(801,174)	(5,355)	0	(806,529)
<b>Total Accumulated Depreciation</b>	<b>(14,313,389)</b>	<b>(465,287) *</b>	<b>(62,114)</b>	<b>(14,716,562)</b>
<b>Total Capital Assets being Depreciated, Net</b>	<b>6,363,801</b>	<b>(240,527)</b>	<b>0</b>	<b>6,123,274</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$7,399,649</b>	<b>(\$240,527)</b>	<b>\$19,812</b>	<b>\$7,139,310</b>

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

General Government	\$63,989
Security of Persons and Property:	
Police	62,151
Fire	117,999
Transportation	181,032
Public Health Services	12,234
Leisure Time Activities	27,882
<b>Total Depreciation Expense</b>	<b>\$465,287</b>

**City of Logan, Ohio**  
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	Balance at 12/31/15	Additions	Deductions	Balance at 12/31/16
<b>Business-Type Activities:</b>				
Capital Assets not being Depreciated:				
Land	\$216,600	\$0	\$0	\$216,600
Construction in Progress	11,490	699,481	0	710,971
Total Capital Assets not being Depreciated	<u>228,090</u>	<u>699,481</u>	<u>0</u>	<u>927,571</u>
Depreciable Capital Assets:				
Land Improvements	63,268	0	0	63,268
Furniture, Fixtures, and Equipment	1,279,653	32,971	0	1,312,624
Vehicles	254,027	359,862	60,990	552,899
Infrastructure	28,048,759	91,338	0	28,140,097
Total Capital Assets being Depreciated	<u>29,645,707</u>	<u>484,171</u>	<u>60,990</u>	<u>30,068,888</u>
Less Accumulated Depreciation:				
Land Improvements	(61,518)	(140)	0	(61,658)
Furniture, Fixtures, and Equipment	(919,889)	(60,164)	0	(980,053)
Vehicles	(231,227)	(43,929)	60,990	(214,166)
Infrastructure	(8,517,188)	(524,224)	0	(9,041,412)
Total Accumulated Depreciation	<u>(9,729,822)</u>	<u>(628,457)</u>	<u>60,990</u>	<u>(10,297,289)</u>
Total Capital Assets being Depreciated, Net	<u>19,915,885</u>	<u>(144,286)</u>	<u>0</u>	<u>19,771,599</u>
Business-Type Activities Capital Assets, Net	<u>\$20,143,975</u>	<u>\$555,195</u>	<u>\$0</u>	<u>\$20,699,170</u>

**Note 14 – Defined Benefit Pension Plans**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

**Plan Description – Ohio Public Employees Retirement System (OPERS)**

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit

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<b>Public Safety and Law Enforcement Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Public Safety and Law Enforcement Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Public Safety and Law Enforcement Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25
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Final Average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
<b>2016 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1
Employee	10.0 %	*	**
<b>2016 Actual Contribution Rates</b>			
Employer:			
Pension	12.0 %	16.1 %	16.1
Post-employment Health Care Benefits	2.0	2.0	2.0
Total Employer	14.0 %	18.1 %	18.1
Employee	10.0 %	12.0 %	13.0

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$200,869 for 2016. Of this amount, \$23,168 is reported as an intergovernmental payable.

**Plan Description – Ohio Police & Fire Pension Fund (OP&F)**

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F

**City of Logan, Ohio**  
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fiduciary net position. The report that may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary.

The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013, is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
<b>2016 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 <b>2016 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$283,812 for 2016. Of this amount, \$36,277 is reported as an intergovernmental payable.

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***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.012104%	0.0656540%	
Prior Measurement Date	<u>0.013301%</u>	<u>0.0671353%</u>	
Change in Proportionate Share	<u>-0.0011970%</u>	<u>-0.0014813%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$2,096,567	\$4,223,568	\$6,320,135
Pension Expense	\$250,281	\$563,218	\$813,499

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$616,260	\$687,435	\$1,303,695
Changes in proportion and differences between City contributions and proportionate share of contributions	12,757	0	12,757
City contributions subsequent to the measurement date	<u>200,869</u>	<u>283,812</u>	<u>484,681</u>
Total Deferred Outflows of Resources	<u>\$829,886</u>	<u>\$971,247</u>	<u>\$1,801,133</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	<u>\$148,521</u>	<u>\$73,426</u>	<u>\$221,947</u>
Total Deferred Inflows of Resources	<u>\$148,521</u>	<u>\$73,426</u>	<u>\$221,947</u>

\$484,681 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:



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Year Ending December 31:	OPERS	OP&F	Total
2017	\$90,832	\$149,974	\$240,806
2018	100,685	149,974	250,659
2019	149,519	149,974	299,493
2020	139,460	149,974	289,434
2021	0	11,863	11,863
Thereafter	0	2,250	2,250
Total	\$480,496	\$614,009	\$1,094,505

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuations are presented below.

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the

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Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
<b>Total</b>	<b>100.00 %</b>	<b>5.27 %</b>

**Discount Rate** The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$3,340,341	\$2,096,567	\$1,047,480

**Changes between Measurement Date and Report Date**

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the City's net pension liability is expected to be significant.

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**Actuarial Assumptions – OP&F**

OP&F's total pension liability as of December 31, 2015, is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent, simple

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2015, are summarized below:

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Asset Class	Target Allocation	10 Year Expected Real Rate of Return**	10 Year Expected Real Rate of Return**
Cash and Cash Equivalents	- %	0.00 %	0.00 %
Domestic Equity	16.00	4.47	7.80
Non-US Equity	16.00	4.47	8.00
Core Fixed Income *	20.00	1.62	5.35
Global Inflation Protected Securities*	20.00	1.33	4.73
High Yield	15.00	3.39	7.21
Real Estate	12.00	3.93	7.43
Private Markets	8.00	6.98	10.73
Timber	5.00	4.92	7.35
Master Limited Partnerships	8.00	7.03	10.75
<b>Total</b>	<b>120.00 %</b>		

Note: Assumptions are geometric.

\* levered 2x

\*\* Numbers include inflation

OP&F's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$5,570,320	\$4,223,568	\$3,082,736

**NOTE 15 – POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer

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defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, 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 the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$33,478, \$30,175, and \$31,776, respectively. For 2016, 85.71 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

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**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 health care benefits including coverage for medical, prescription drug, dental, vision, Medicare Part B Premium, and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

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 health care 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. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2016, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care 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.

The City's contribution to OP&F for the years ended December 31, 2016, 2015, and 2014 were \$290,658, \$288,445, and \$287,832, respectively, of which \$6,846, \$6,793, and \$6,926, respectively, was allocated to the healthcare plan. For 2016, 92 percent has been contributed for both police and firefighters with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

**Note 16 – Employee Benefits**

**A. Insurance**

In 2016, the City contracted with United Healthcare to provide all employees with \$25,000 each in life and accidental death and dismemberment insurance.

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The City provides comprehensive major medical insurance through United Healthcare. During 2016, the monthly premium for the single coverage higher deductible and co-pay plan was \$961.71, of which, the City pays \$827.07. Monthly premium for single lower deductible and co-pay was \$810.34, with the City paying \$785.34 of the premium. The monthly premium for family lower deductible and co-pay was \$2,106.86. The City pays \$2,006.86 of the premium for employees participating in the family lower deductible and co-pay plans with the remainder being paid by the employees. Monthly premiums for the higher deductible and co-pay plan are \$2,500.50 for family coverage. The City pays \$2,150.44 of the premiums for employees participating in the family higher deductible and co-pay plans with the remainder being paid by the employees.

**B. Compensated Absences**

The criteria for determining vested sick leave benefits are derived from negotiated agreements and State laws. Upon retirement, all employees with seventeen 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 17 – Capital Leases – Lessee Disclosure**

In previous years, the City had entered into capitalized lease agreements for fire rescue equipment and a fire truck. The leases meet the criteria of a capital lease which is defined as 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 2016 totaled \$90,012 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
2017	\$96,135
2018	96,135
2019	87,734
2020	43,867
Total Minimum Lease Payments	323,871
Less: Amount Representing Interest	(10,234)
Present Value of Net Minimum Lease Payments	\$313,637

The equipment has been capitalized in the amount of \$677,351, the present value of the minimum lease payments at the inception of the lease. The accumulated depreciation as of December 31, 2016, was \$186,611, leaving a remaining book value of \$490,740.

During 2016, the City entered into a capitalized lease agreement in the amount of \$359,862 for the purchase of a Vactor Truck. Principal payments made in 2016 totaled \$49,299 in the Sewer and Water funds. The capital leases payable have been recorded on the government-wide statements.

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The agreement provides for minimum annual lease payments as follows:

Fiscal Year	Amount
2017	\$49,299
2018	49,299
2019	49,299
2020	49,299
2020	143,945
Total Minimum Lease Payments	341,141
Less: Amount Representing Interest	(30,578)
Present Value of Net Minimum Lease Payments	<u>\$310,563</u>

The vehicle has been capitalized in the amount of \$359,862, the present value of the minimum lease payments at the inception of the lease. The accumulated depreciation as of December 31, 2016, was \$35,986, leaving a remaining book value of \$323,876.

**Note 18 – Contingent Liabilities**

**A. Grants**

For the period January 1, 2016, to December 31, 2016, the City received Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

**B. Litigation**

As of December 31, 2016, the City is a party in four lawsuits, but the City has determined that any potential liability will not have a material effect on the financial statements.



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**Note 19 – Long-Term Obligations**

A schedule of changes in long-term obligations of the City during 2016 follows:

	Principal Outstanding 12/31/15	Additions	Deductions	Principal Outstanding 12/31/16	Amounts Due in One Year
<b>Governmental Activities:</b>					
2010 Energy Conservation General Obligation Bonds - 4.375%	\$124,684	\$0	\$25,661	\$99,023	\$26,789
2011 General Obligation Bonds - 3.289%	18,727	0	18,727	0	0
2016 Police Cruiser Bond - 2.875%	0	33,000	0	33,000	6,200
Capital Leases	403,649	0	90,012	313,637	91,414
Net Pension Liability:					
OPERS	721,913	171,223	0	893,136	0
OP&F	3,477,888	745,680	0	4,223,568	0
Total Net Pension Liability	4,199,801	916,903	0	5,116,704	0
Compensated Absences	282,366	33,429	63,742	252,053	100,987
Total Governmental Activities	<u>\$5,029,227</u>	<u>\$983,332</u>	<u>\$198,142</u>	<u>\$5,814,417</u>	<u>\$225,390</u>
<b>Business-Type Activities:</b>					
2010 Energy Conservation General Obligation Bonds - 4.375%	\$62,445	\$0	\$12,852	\$49,593	\$13,416
2011 OWDA Sewer Plant Improvements Loan - 4.95%	8,731,319	0	217,865	8,513,454	224,163
2013 OWDA Sanitary Sewer Evaluation Loan - 3.84%	172,552	5,551	7,500	170,603	0
2015 OWDA Phase 2 Sanitary Sewer Design Loan - 3.42%	421	40,339	0	40,760	16,289
2016 OWDA Water Treatment Plant Improvement Loan - 1.64%	0	401,460	0	401,460	0
2014 OPWC Sanitary Sewer Evaluation Survey Loan - 0%	488,656	0	16,289	472,367	0
2016 OPWC Well H Emergency Rehab Survey Loan - 0%	0	19,509	0	19,509	325
Total Loans Payable	<u>9,392,948</u>	<u>\$466,859</u>	<u>\$241,654</u>	<u>\$9,618,153</u>	<u>\$240,777</u>
Capital Leases	0	359,862	49,299	310,563	40,914
Net Pension Liability- OPERS	882,337	321,094	0	1,203,431	0
Compensated Absences	143,129	30,621	42,735	131,015	61,435
Total Business-Type Activities	<u>\$10,480,859</u>	<u>\$1,178,436</u>	<u>\$346,540</u>	<u>\$11,312,755</u>	<u>\$356,542</u>

Compensated absences will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund, the Street Construction and Maintenance Special Revenue Fund, and the Water and Sewer Enterprise Funds. Capital lease obligations are paid from general property tax revenues from the Fire Levy Special Revenue Fund and charges for services revenue from the Fire Equipment Capital Projects Fund. There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the following funds: General Fund, Water Fund and Sewer Fund. For additional information related to the net pension liability see Note 14.

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In June 2010, the City issued Energy Conservation General Obligation Bonds in the amount of \$371,468 at an interest rate of 4.375%. Principal and interest payments are due in June and December of each year through 2020. These bonds were issued for the purpose of energy conservation measures which included the purchase of high efficiency HVAC systems, the retrofiting of street lights and traffic signals with lower energy bulbs, and mechanical upgrades at the City Hall, Fire Department, Police Department, and Water Distribution facilities. The bonds will be retired from the General Fund and the Water Enterprise Fund.

Principal and interest requirements to retire the General Fund's portion of the energy conservation general obligation bonds outstanding at December 31, 2016, are as follows:

Year Ended December 31,	Principal	Interest	Total
2017	\$26,789	\$4,044	\$30,833
2018	27,973	2,859	30,832
2019	29,211	1,622	30,833
2020	15,050	330	15,380
	<u>\$99,023</u>	<u>\$8,855</u>	<u>\$107,878</u>

Principal and interest requirements to retire the Water Enterprise Fund's portion of the energy conservation general obligation bonds outstanding at December 31, 2016, are as follows:

Year Ended December 31,	Principal	Interest	Total
2017	\$13,416	\$2,025	\$15,441
2018	14,010	1,432	15,442
2019	14,629	812	15,441
2020	7,538	165	7,703
	<u>\$49,593</u>	<u>\$4,434</u>	<u>\$54,027</u>

In March 2011, the City issued General Obligation Bonds in the amount of \$93,990 at an interest rate of 3.289%. Principal and interest payments are due in March of each year through 2016. These bonds were issued for the purpose of purchasing an energy efficient street sweeper. The bonds was retired from the Capital Improvements Capital Projects Fund during 2016.

The 2011 OWDA Sewer Improvements Plant Loan, authorized in the amount of \$9,348,873, 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. Principal and interest payments are due in January and July of each year through 2042.

Principal and interest requirements to retire the Sewer Improvement Plant Loan outstanding at December 31, 2016, are as follows:

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Year Ended December 31,	Principal	Interest	Total
2017	\$224,163	242,739	\$466,902
2018	230,643	236,259	466,902
2019	237,309	229,593	466,902
2020	244,169	222,733	466,902
2021	251,227	215,675	466,902
2022 - 2026	1,369,353	965,155	2,334,508
2027 - 2031	1,579,041	757,469	2,336,510
2032 - 2036	1,820,841	513,668	2,334,509
2037 - 2041	2,099,668	234,841	2,334,509
2042	457,040	9,863	466,903
	<u>\$8,513,454</u>	<u>\$3,627,995</u>	<u>\$12,141,449</u>

The 2013 OWDA Sanitary Sewer Evaluation Loan, authorized in the amount of \$300,000, is being used to finance a sanitation sewer study. 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.

The 2015 OWDA Sanitary Sewer Phase 2 Design Loan, authorized in the amount of \$120,000, is being used to finance phase 2 of the sanitation sewer project. 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.

The City has pledged future sewer customer revenues to repay the OWDA loans. The loans are payable solely from net revenues. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. The total principal and interest remaining to be paid on the loans are unknown at this time since the Sewer Improvement Plant loan and Sanitary Sewer Evaluation loans are not fully drawn out. Principal and interest payments for the current year were \$490,691, net revenues were \$809,087, and total revenues were \$1,816,124.

The 2014 OPWC Sanitary Sewer Evaluation Loan, authorized in the amount of \$488,656 at 0% interest, was issued to finance a sanitary sewer project. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and will repay the debt. Principal payments are due in January and July of each year through 2045.

Principal requirements to retire the Sanitary Sewer Evaluation Loan outstanding at December 31, 2016, are as follows:

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Year Ended December 31,	Principal
2017	\$16,289
2018	16,289
2019	16,289
2020	16,289
2021	16,289
2022 - 2026	81,442
2027 - 2031	81,442
2030 - 2036	81,442
2037 - 2041	81,442
2042 - 2045	65,154
	<u>\$472,367</u>

During 2016, the City entered into a bond agreement in the amount of \$33,000 for the purchase of police cruisers. Payments will be made from the Capital Improvements Fund. Principal and interest requirements to retire the Police Cruiser Bonds at December 31, 2016 are as follows:

Year Ended December 31,	Principal	Interest
2017	\$6,200	\$949
2018	6,400	770
2019	6,600	587
2020	6,800	397
2021	7,000	201
	<u>\$33,000</u>	<u>\$2,904</u>

During 2016, the City entered into a loan in the amount of \$19,509 with the Ohio Public Works Commission for the emergency rehabilitation of a well. Principal requirements to retire the loan at December 31, 2016 are as follows:

Year Ended December 31,	Principal
2017	\$325
2018	650
2019	650
2020	650
2021	650
2022 - 2026	3,250
2027 - 2031	3,250
2032 - 2036	3,250
2037 - 2041	3,250
2042 - 2046	3,250
2047	334
	<u>\$19,509</u>

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Also, during 2016, the City entered into an OWDA Loan in the amount of \$401,460 for water treatment plant 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.

The City's overall legal debt margin was \$12,232,346 at December 31, 2016.

**Note 20 – Significant Commitments**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$42,822
Nonmajor Governmental Funds	3,867
Water Fund	106,266
Sewer Fund	<u>17,229</u>
Total	<u><u>\$170,184</u></u>

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**City of Logan, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net Pension Liability*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Three Years (1)*

	2016	2015	2014
City's Proportion of the Net Pension Liability	0.0121040%	0.0133010%	0.0133010%
City's Proportionate Share of the Net Pension Liability	\$2,096,567	\$1,604,250	\$1,568,015
City's Covered-Employee Payroll	\$1,508,733	\$1,902,567	\$1,197,023
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	138.96%	84.32%	130.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added for each year.

\* Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior fiscal year end.

**City of Logan, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net Pension Liability*  
*Ohio Police and Fire Pension Fund*  
*Last Three Years (1)*

	2016	2015	2014
City's Proportion of the Net Pension Liability	0.0656540%	0.0671353%	0.0671353%
City's Proportionate Share of the Net Pension Liability	\$4,223,568	\$3,477,888	\$3,269,699
City's Covered-Employee Payroll	\$1,358,608	\$1,358,137	\$1,243,117
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	310.87%	256.08%	263.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	71.71%	73.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available   
 An additional column will be added for each year.

\* Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior fiscal year end.



**City of Logan, Ohio**  
*Required Supplementary Information*  
*Schedule of City Contributions*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Four Years (1)*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$200,869	\$181,048	\$228,308	\$155,613
Contributions in Relation to the Contractually Required Contribution	<u>(200,869)</u>	<u>(181,048)</u>	<u>(228,308)</u>	<u>(155,613)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$1,673,908	\$1,508,733	\$1,902,567	\$1,197,023
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	12.00%	13.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available   
An additional column will be added for each year.

**City of Logan, Ohio**  
*Required Supplementary Information*  
*Schedule of City Contributions*  
*Ohio Police and Fire Pension Fund*  
*Last Ten Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$283,812	\$281,652	\$280,957	\$218,678
Contributions in Relation to the Contractually Required Contribution	<u>(283,812)</u>	<u>(281,652)</u>	<u>(280,957)</u>	<u>(218,678)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$1,369,305	\$1,358,608	\$1,358,137	\$1,243,117
Contributions as a Percentage of Covered-Employee Payroll:	20.73%	20.73%	20.69%	17.59%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$177,431	\$168,673	\$158,256	\$169,524	\$159,672	\$172,379
<u>(177,431)</u>	<u>(168,673)</u>	<u>(158,256)</u>	<u>(169,524)</u>	<u>(159,672)</u>	<u>(172,379)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,229,040	\$1,158,176	\$1,094,721	\$1,163,221	\$1,091,922	\$1,188,194
14.44%	14.56%	14.46%	14.57%	14.62%	14.51%

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Logan  
Hocking County  
10 South Mulberry Street  
Logan, Ohio 43138

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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 (the City), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 12, 2018.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the City's financial statements are free of material misstatement, 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, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 12, 2018

# CITY OF LOGAN

10 S. Mulberry St.  
Logan, Ohio 43138

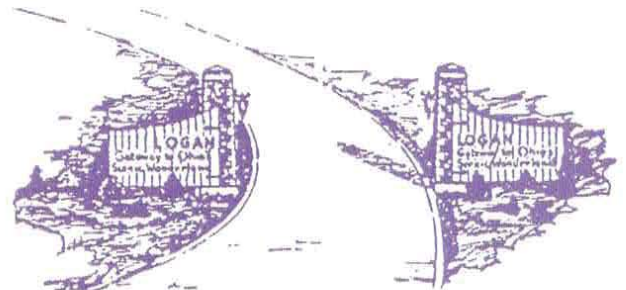
**ANNA T. LINDSAY**  
Auditor

Tel# 740-385-2448  
Fax# 740-385-9399

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2017 AND 2016

Finding Number	Finding Summary	Status	Additional Information
2015-001	The City did not follow requirements of Ohio Rev. Code § § 735.05, 705.11 and 153.65 through 153.71 when entering into two contracts in September 2015.	Fully Corrected	



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# Dave Yost • 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  
DECEMBER 27, 2018**