



CITY OF LOGAN
REGION 5, DISTRICT 6, HOCKING COUNTY
FINANCIAL STATEMENTS
Year Ended December 31, 1999

CITY OF LOGAN
HOCKING COUNTY

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CITY OF LOGAN
HOCKING COUNTY

ELECTED OFFICIALS
AS OF DECEMBER 31, 1999

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
Edgar E. Dennis	Mayor	01/01/96-12/31/99	(A)	\$ 5,000	(C)
Kim M. Miller	Auditor	01/01/96-12/31/99	(B)	75,000	(C)
Carol S. Huffines	Treasurer	01/01/98-12/31/01	(B)	75,000	(C)
Roger L. Hosler	Council President	01/01/98-12/31/01	(B)	2,500	(C)
Susan Gerken	Council Member	01/01/98-12/31/99	(A)	500	(C)
Michael J. Walsh	Council Member	01/01/98-12/31/99	(A)	500	(C)
James Robinson	Council Member	01/01/98-12/31/99	(A)	500	(C)
David Derr	Council Member	01/01/98-12/31/99	(A)	500	(C)
Greg Fraunfelter	Council Member	01/01/98-12/31/99	(A)	500	(C)
Carl E. Daubenmire	Council Member	01/01/98-12/31/99	(A)	500	(C)
Larry Heidelbaugh	Council Member	01/01/98-12/31/99	(A)	500	(C)
Robert L. Lilley	Law Director	01/01/98-12/31/99	(B)	2,500	(C)

Entity Address:

City of Logan
10 South Mulberry Street
Logan, Ohio 43138

(A) Surety: The State Auto Insurance Company

(B) Surety: The Ohio Casualty Insurance Company

(C) The period of the bond is the same as the term of office

CITY OF LOGAN
HOCKING COUNTY

ADMINISTRATIVE PERSONNEL
AS OF DECEMBER 31, 1999

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
Terry McGrath	Service Safety Dir.	02/01/93-12/31/99	(B)	\$ 10,000	(B)
David Kelch	Police Chief	Pleasure of Mayor	(A)	1,000	(A)
Robert Brown	Fire Chief	Pleasure of Mayor	N/A		
Bridgette Elick	Clerk of Council	07/10/96-12/31/99	N/A		

(A) Employee Blanket Bond

Surety: The Ohio Casualty Insurance Company

Amount: \$1,000

Term: 01/01/99 to 12/31/99

(B) Surety: State Automobile Mutual Insurance Company

Amount: \$10,000

Term: 01/01/99 to 01/01/00

CITY OF LOGAN
HOCKING COUNTY

INDEX OF FUNDS

GOVERNMENTAL FUND TYPES:

General Fund:

Unclaimed Monies Fund

Special Revenue Funds:

Street Construction, Maintenance and Repair Fund

State Highway Improvement Fund

Community Development Block Grant Fund

Section 18 Fund

Economic Development Fund

Fire Equipment Fund

Law Enforcement Trust Fund

Local Law Enforcement Block Fund

Fire Levy Fund

COPS Grant

Debt Service Funds:

Police Building Bond Retirement Fund

Capital Projects Funds:

Capital Improvements Fund

Invested Funds

Street Paving Fund

State Issue II Fund

Street Sweeper Fund

Fire Truck Fund

PROPRIETARY FUND TYPES:

Enterprise Funds:

Water Revenue Fund

Sewer Revenue Fund

Wastewater Treatment Improvement Fund

Water Improvement Fund

Internal Service Fund:

Medical Insurance Fund

FIDUCIARY FUND TYPES:

Nonexpendable Trust Funds:

Cemetery Endowment Fund

Expendable Trust:

Police Pension Fund

Fire Pension Fund

Recreation Trust Fund

Cemetery Trust Fund

Cemetery Perpetual Care Fund

Agency:

Payroll Agency Fund



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OFFICE OF THE AUDITOR

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Members of Council
City of Logan
Logan, Ohio 43138

We have reviewed the Independent Auditor's Report of the City of Logan, Hocking County, prepared by Jones, Cochenour & Co., for the audit period January 1, 1999 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Logan is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

June 5, 2000



INDEPENDENT AUDITORS' REPORT

Members of Council
City of Logan
Logan, Ohio

We have audited the accompanying general purpose financial statements of the City of Logan, Ohio, as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Logan's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Logan, Ohio, as of December 31, 1999, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2000 on our consideration of the City of Logan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purposes financial statements of City of Logan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jones, Cochenour & Co.
May 2, 2000

City of Logan, Ohio
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 1999

	<u>Governmental Fund Types</u>			<u>Proprietary</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise</u>
<u>Assets and Other Debit:</u>				
<u>Assets:</u>				
Cash and Cash Equivalents	\$991,972	\$595,713	\$719,743	\$727,997
Cash and Cash Equivalents in Segregated Account	0	0	0	0
Investments	0	0	0	0
Receivables:				
Property Taxes	144,130	116,363	0	0
Income Taxes	322,683	0	80,671	0
Intergovernmental Accounts	82,208 0	70,458 0	0 0	3,703 257,655
Accrued Interest	12,757	174	0	0
Loans	0	131,313	0	0
Materials and Supplies Inventory	1,115	9,348	0	26,560
Prepaid Items	20,960	0	0	7,653
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	8,877,051
<u>Other Debit:</u>				
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debit	<u>\$1,575,825</u>	<u>\$923,369</u>	<u>\$800,414</u>	<u>\$9,900,619</u>

Fund Types	Fiduciary	Account Groups		Totals (Memorandum Only)
	Fund Types	General Fixed Assets	General Long-Term Obligations	
Internal Service	Trust And Agency			
\$21,040	\$12,108	\$0	\$0	\$3,068,573
0	27,962	0	0	27,962
0	65,034	0	0	65,034
0	0	0	0	260,493
0	0	0	0	403,354
0	0	0	0	156,369
350	0	0	0	258,005
0	1,961	0	0	14,892
0	0	0	0	131,313
0	0	0	0	37,023
27,285	0	0	0	55,898
0	0	6,503,447	0	15,380,498
<u>0</u>	<u>0</u>	<u>0</u>	<u>350,234</u>	<u>350,234</u>
<u>\$48,675</u>	<u>\$107,065</u>	<u>\$6,503,447</u>	<u>\$350,234</u>	<u>\$20,209,648</u>

(Continued)

See notes to financial statements

City of Logan, Ohio
Combined Balance Sheet
All Fund Types and Account Groups (Continued)
December 31, 1999

	<u>Governmental Fund Types</u>			<u>Proprietary</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise</u>
<u>Liabilities, Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$38,576	\$2,351	\$215	\$20,382
Contracts Payable	0	10,506	4,538	3,720
Accrued Salaries Payable	30,734	4,964	0	15,382
Accrued Interest Payable	0	0	0	153,087
Intergovernmental Payable	21,591	0	0	19,779
Deferred Revenue	144,130	116,363	0	0
Compensated Absences Payable	6,434	1,612	0	61,225
Claims Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Due to Others	0	0	0	0
OWDA Loans Payable	0	0	0	2,605,672
Mortgage Revenue Bonds Payable	0	0	0	1,665,800
Total Liabilities	241,465	135,796	4,753	4,545,047
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	133,444
Retained Earnings:				
Unreserved	0	0	0	5,222,128
Fund Balances:				
Reserved for Encumbrances	5,950	0	85	0
Reserved for Loans	0	131,313	0	0
Reserved for Inventory	1,115	9,348	0	0
Reserved for Endowments	0	0	0	0
Unreserved	1,327,295	646,912	795,576	0
Total Fund Equity and Other Credits	1,334,360	787,573	795,661	5,355,572
Total Liabilities, Fund Equity and Other Credits	\$1,575,825	\$923,369	\$800,414	\$9,900,619

Fund Types	Fiduciary	Account Groups		Totals (Memorandum Only)
	Fund Types	General Fixed Assets	General Long-Term Obligations	
Internal Service	Trust And Agency			
\$0	\$0	\$0	\$0	\$61,524
0	0	0	0	18,764
0	0	0	0	51,080
0	0	0	0	153,087
79	0	0	81,341	122,790
26,515	0	0	0	287,008
0	0	0	113,956	183,227
16,752	0	0	0	16,752
0	0	0	154,937	154,937
0	27,962	0	0	27,962
0	0	0	0	2,605,672
0	0	0	0	1,665,800
<u>43,346</u>	<u>27,962</u>	<u>0</u>	<u>350,234</u>	<u>5,348,603</u>
0	0	6,503,447	0	6,503,447
0	0	0	0	133,444
5,329	0	0	0	5,227,457
0	0	0	0	6,035
0	0	0	0	131,313
0	0	0	0	10,463
0	65,034	0	0	65,034
0	14,069	0	0	2,783,852
<u>5,329</u>	<u>79,103</u>	<u>6,503,447</u>	<u>0</u>	<u>14,861,045</u>
<u>\$48,675</u>	<u>\$107,065</u>	<u>\$6,503,447</u>	<u>\$350,234</u>	<u>\$20,209,648</u>

See notes to financial statements

City of Logan, Ohio
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances
All Governmental Fund Types and Similar Trust Fund
For the Year Ended December 31, 1999

	<u>General</u>	<u>Governmental Special Revenue</u>
<u>Revenues:</u>		
Property Taxes	\$139,910	\$110,503
Municipal Income Taxes	1,720,527	0
Intergovernmental	364,905	718,021
Charges for Services	130,095	25,355
Fines, Licenses and Permits	84,907	7,075
Interest	120,471	11,161
Other	704	5,748
Total Revenues	2,561,519	877,863
<u>Expenditures:</u>		
Current:		
Security of Persons and Property	1,344,900	148,240
Public Health Services	196,298	0
Basic Utility Services	7,222	0
Leisure Time Activities	127,154	0
Community Environment	11,010	298,789
Transportation	268,636	327,828
General Government	428,998	0
Other	9,123	0
Capital Outlay	0	0
Debt Service:		
Principal Retirement	0	133,122
Interest and Fiscal Charges	0	1,341
Total Expenditures	2,393,341	909,320
Excess of Revenues Over (Under) Expenditures	168,178	(31,457)
<u>Other Financing Sources (Uses):</u>		
Operating Transfers - In	0	4,602
Operating Transfers - Out	(4,602)	0
Total Other Financing Sources (Uses)	(4,602)	4,602
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	163,576	(26,855)
Increase in Reserve for Inventory	1,115	0
Fund Balances at Beginning of Year	1,169,669	814,428
Fund Balances at End of Year	\$1,334,360	\$787,573

Fund Types		Fiduciary	Totals
Capital	Debt	Fund Type	(Memorandum
Projects	Service	Expendable	Only)
		Trust	
\$0	\$0	\$0	\$250,413
430,131	0	0	2,150,658
0	0	0	1,082,926
20,250	0	0	175,700
0	0	0	91,982
38,275	0	3,154	173,061
0	0	0	6,452
<u>488,656</u>	<u>0</u>	<u>3,154</u>	<u>3,931,192</u>
0	0	0	1,493,140
0	0	6,155	202,453
0	0	0	7,222
0	0	0	127,154
0	0	0	309,799
0	0	0	596,464
0	0	0	428,998
0	0	0	9,123
452,572	0	0	452,572
0	48,843	0	181,965
0	11,157	0	12,498
<u>452,572</u>	<u>60,000</u>	<u>6,155</u>	<u>3,821,388</u>
<u>36,084</u>	<u>(60,000)</u>	<u>(3,001)</u>	<u>109,804</u>
0	60,000	0	64,602
(60,000)	0	0	(64,602)
<u>(60,000)</u>	<u>60,000</u>	<u>0</u>	<u>0</u>
(23,916)	0	(3,001)	109,804
0	0	0	1,115
<u>819,577</u>	<u>0</u>	<u>17,070</u>	<u>2,820,744</u>
<u>\$795,661</u>	<u>\$0</u>	<u>\$14,069</u>	<u>\$2,931,663</u>

See notes to financial statements

City of Logan, Ohio
Combined Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types and Similar Trust Fund
For the Year Ended December 31, 1999

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$138,633	\$139,910	\$1,277
Municipal Income Taxes	1,727,685	1,743,597	15,912
Intergovernmental	310,089	312,944	2,855
Charges for Services	131,883	133,097	1,214
Fines, Licenses and Permits	83,275	84,042	767
Interest	123,838	124,978	1,140
Revolving Loans	0	0	0
Other	697	704	7
Total Revenues	2,516,100	2,539,272	23,172
<u>Expenditures:</u>			
Current:			
Security of Persons and Property	1,438,572	1,376,101	62,471
Public Health Services	230,893	206,926	23,967
Basic Utility Services	15,466	14,941	525
Leisure Time Activities	131,432	130,840	592
Community Environment	13,096	11,288	1,808
Transportation	295,253	281,256	13,997
General Government	477,241	434,367	42,874
Other	139,935	9,328	130,607
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	2,741,888	2,465,047	276,841
Excess of Revenues Over (Under) Expenditures	(225,788)	74,225	300,013
<u>Other Financing Sources (Uses):</u>			
Operating Transfers - In	0	0	0
Operating Transfers - Out	(5,450)	(4,602)	848
Total Other Financing Sources (Uses)	(5,450)	(4,602)	848
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(231,238)	69,623	300,861
Fund Balances at Beginning of Year	911,608	911,608	0
Prior Year Encumbrance Appropriated	363	363	0
Fund Balances at End of Year	\$680,733	\$981,594	\$300,861

Special Revenue Funds			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$99,660	\$110,503	\$10,843	\$0	\$0	\$0
0	0	0	444,000	435,899	(8,101)
900,756	658,522	(242,234)	0	0	0
27,772	26,292	(1,480)	22,500	20,250	(2,250)
8,000	7,075	(925)	0	0	0
27,844	11,738	(16,106)	37,300	38,275	975
76,294	24,178	(52,116)	0	0	0
6,000	5,748	(252)	0	0	0
<u>1,146,326</u>	<u>844,056</u>	<u>(302,270)</u>	<u>503,800</u>	<u>494,424</u>	<u>(9,376)</u>
217,287	152,391	64,896	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
780,500	326,270	454,230	0	0	0
412,000	339,633	72,367	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	575,360	449,764	125,596
133,122	133,122	0	0	0	0
1,341	1,341	0	0	0	0
<u>1,544,250</u>	<u>952,757</u>	<u>591,493</u>	<u>575,360</u>	<u>449,764</u>	<u>125,596</u>
<u>(397,924)</u>	<u>(108,701)</u>	<u>289,223</u>	<u>(71,560)</u>	<u>44,660</u>	<u>116,220</u>
4,824	4,602	(222)	0	0	0
0	0	0	(82,000)	(60,000)	22,000
<u>4,824</u>	<u>4,602</u>	<u>(222)</u>	<u>(82,000)</u>	<u>(60,000)</u>	<u>22,000</u>
(393,100)	(104,099)	289,001	(153,560)	(15,340)	138,220
694,175	694,175	0	734,783	734,783	0
0	0	0	0	0	0
<u>\$301,075</u>	<u>\$590,076</u>	<u>\$289,001</u>	<u>\$581,223</u>	<u>\$719,443</u>	<u>\$138,220</u>

(Continued)

See notes to financial statements

City of Logan, Ohio
Combined Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types and Similar Trust Fund (Continued)
For the Year Ended December 31, 1999

	<u>Debt Service Fund</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Property Taxes	\$0	\$0	\$0
Municipal Income Taxes	0	0	0
Intergovernmental	0	0	0
Charges for Services	0	0	0
Fines, Licenses and Permits	0	0	0
Interest	0	0	0
Revolving Loans	0	0	0
Other	0	0	0
Total Revenues	0	0	0
<u>Expenditures:</u>			
Current:			
Security of Persons and Property	0	0	0
Public Health Services	0	0	0
Basic Utility Services	0	0	0
Leisure Time Activities	0	0	0
Community Environment	0	0	0
Transportation	0	0	0
General Government	0	0	0
Other	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	48,843	48,843	0
Interest and Fiscal Charges	11,157	11,157	0
Total Expenditures	60,000	60,000	0
Excess of Revenues Over (Under) Expenditures	<u>(60,000)</u>	<u>(60,000)</u>	<u>0</u>
<u>Other Financing Sources (Uses):</u>			
Operating Transfers - In	60,000	60,000	0
Operating Transfers - Out	0	0	0
Total Other Financing Sources (Uses)	60,000	60,000	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0
Fund Balances at Beginning of Year	0	0	0
Prior Year Encumbrance Appropriated	0	0	0
Fund Balances at End of Year	\$0	\$0	\$0

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$238,293	\$250,413	\$12,120
0	0	0	2,171,685	2,179,496	7,811
0	0	0	1,210,845	971,466	(239,379)
0	0	0	182,155	179,639	(2,516)
0	0	0	91,275	91,117	(158)
3,700	3,236	(464)	192,682	178,227	(14,455)
0	0	0	76,294	24,178	(52,116)
0	0	0	6,697	6,452	(245)
<u>3,700</u>	<u>3,236</u>	<u>(464)</u>	<u>4,169,926</u>	<u>3,880,988</u>	<u>(288,938)</u>
0	0	0	1,655,859	1,528,492	127,367
6,500	6,155	345	237,393	213,081	24,312
0	0	0	15,466	14,941	525
0	0	0	131,432	130,840	592
0	0	0	793,596	337,558	456,038
0	0	0	707,253	620,889	86,364
0	0	0	477,241	434,367	42,874
0	0	0	139,935	9,328	130,607
0	0	0	575,360	449,764	125,596
0	0	0	181,965	181,965	0
0	0	0	12,498	12,498	0
<u>6,500</u>	<u>6,155</u>	<u>345</u>	<u>4,927,998</u>	<u>3,933,723</u>	<u>994,275</u>
<u>(2,800)</u>	<u>(2,919)</u>	<u>(119)</u>	<u>(758,072)</u>	<u>(52,735)</u>	<u>705,337</u>
0	0	0	64,824	64,602	(222)
0	0	0	(87,450)	(64,602)	22,848
0	0	0	(22,626)	0	22,626
(2,800)	(2,919)	(119)	(780,698)	(52,735)	727,963
15,027	15,027	0	2,355,593	2,355,593	0
0	0	0	363	363	0
<u>\$12,227</u>	<u>\$12,108</u>	<u>(\$119)</u>	<u>\$1,575,258</u>	<u>\$2,303,221</u>	<u>\$727,963</u>

See notes to financial statements

City of Logan, Ohio
Combined Statement of Revenues,
Expenses and Changes in Fund Equity
All Proprietary Fund Types and Similar Trust Fund
For the Year Ended December 31, 1999

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- Expendable Trust</u>	
<u>Operating Revenues:</u>				
Charges for Services	\$1,715,138	\$312,068	\$0	\$2,027,206
Tap-In Fees	2,850	0	0	2,850
Contributions	0	0	4,000	4,000
Total Operating Revenues	1,717,988	312,068	4,000	2,034,056
<u>Operating Expenses:</u>				
Personal Services	591,385	0	0	591,385
Fringe Benefits	155,857	0	0	155,857
Contractual Services	203,862	79,106	0	282,968
Supplies and Materials	204,089	0	0	204,089
Claims	0	180,871	0	180,871
Depreciation	230,966	0	0	230,966
Other	153	0	0	153
Total Operating Expenses	1,386,312	259,977	0	1,646,289
Operating Income	331,676	52,091	4,000	387,767
<u>Non-Operating Expenses:</u>				
Interest and Fiscal Charges	(308,328)	0	0	(308,328)
Net Income	23,348	52,091	4,000	79,439
Retained Earnings (Deficit)/Fund Balance at Beginning of Year - Restated (Note 3)	5,198,780	(46,762)	61,034	5,213,052
Retained Earnings/Fund Balance at End of Year	5,222,128	5,329	65,034	5,292,491
Contributed Capital at Beginning and End of Year	133,444	0	0	133,444
Total Fund Equity at End of Year	\$5,355,572	\$5,329	\$65,034	\$5,425,935

See notes to financial statements

City of Logan, Ohio
Combined Statement of Revenues, Expenses and
Changes in Fund Equity - Budget and Actual (Budget Basis)
All Proprietary Fund Types and Similar Trust Fund
For the Year Ended December 31, 1999

	<u>Enterprise Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Charges for Services	\$1,767,000	\$1,689,250	(\$77,750)
Tap-in Fees	3,000	2,850	(150)
Contributions	0	0	0
Total Revenues	<u>1,770,000</u>	<u>1,692,100</u>	<u>(77,900)</u>
Expenses:			
Personal Services	633,560	603,476	30,084
Fringe Benefits	164,800	162,035	2,765
Contractual Services	209,402	198,091	11,311
Supplies and Materials	230,282	215,371	14,911
Other	163	153	10
Capital Outlay	174,340	99,719	74,621
Debt Service:			
Principal Retirement	237,651	237,139	512
Interest and Fiscal Charges	317,849	317,095	754
Total Expenses	<u>-1,968,047</u>	<u>1,833,079</u>	<u>134,968</u>
Excess of Revenues Over (Under) Expenses	<u>(198,047)</u>	<u>(140,979)</u>	<u>57,068</u>
Fund Equity at Beginning of Year	<u>848,862</u>	<u>848,862</u>	<u>0</u>
Fund Equity at End of Year	<u>\$650,815</u>	<u>\$707,883</u>	<u>\$57,068</u>

(Continued)

See notes to financial statements

City of Logan, Ohio
Combined Statement of Revenues, Expenses and
Changes in Fund Equity - Budget and Actual (Budget Basis)
All Proprietary Fund Types and Similar Trust Fund (Continued)
For the Year Ended December 31, 1999

	<u>Internal Service Fund</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Charges for Services	\$295,250	\$314,329	\$19,079
Tap-in Fees	0	0	0
Contributions	0	0	0
Total Revenues	<u>295,250</u>	<u>314,329</u>	<u>19,079</u>
<u>Expenses:</u>			
Personal Services	0	0	0
Fringe Benefits	0	0	0
Contractual Services	290,000	296,927	(6,927)
Supplies and Materials	0	0	0
Other	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenses	<u>290,000</u>	<u>296,927</u>	<u>(6,927)</u>
Excess of Revenues Over (Under) Expenses	5,250	17,402	12,152
Fund Equity at Beginning of Year	<u>3,638</u>	<u>3,638</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$8,888</u></u>	<u><u>\$21,040</u></u>	<u><u>\$12,152</u></u>

Non-Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$2,062,250	\$2,003,579	(\$58,671)
0	0	0	3,000	2,850	(150)
0	4,000	4,000	0	4,000	4,000
0	4,000	4,000	2,065,250	2,010,429	(54,821)
0	0	0	633,560	603,476	30,084
0	0	0	164,800	162,035	2,765
0	0	0	499,402	495,018	4,384
0	0	0	230,282	215,371	14,911
0	0	0	163	153	10
0	0	0	174,340	99,719	74,621
0	0	0	237,651	237,139	512
0	0	0	317,849	317,095	754
0	0	0	2,258,047	2,130,006	128,041
0	4,000	4,000	(192,797)	(119,577)	73,220
61,034	61,034	0	913,534	913,534	0
\$61,034	\$65,034	\$4,000	\$720,737	\$793,957	\$73,220

See notes to financial statements

City of Logan, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types and Similar Trust Fund
For the Year Ended December 31, 1999

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- Expendable Trust</u>	
Increase (Decrease) in <u>Cash and Cash Equivalents</u>				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$1,687,747	\$0	\$0	\$1,687,747
Cash Received from Quasi-External Transactions with Other Funds	0	314,329	0	314,329
Contributions Received	0	0	4,000	4,000
Cash Payments for Employee Services and Benefits	(765,511)	0	0	(765,511)
Cash Payments to Suppliers for Goods and Services	(393,348)	(106,363)	0	(499,711)
Cash Payments for Claims	0	(238,013)	0	(238,013)
Other Operating Expenses	(153)	0	0	(153)
Net Cash Provided by (Used for) Operating Activities	<u>528,735</u>	<u>(30,047)</u>	<u>4,000</u>	<u>502,688</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition of Capital Assets	(99,719)	0	0	(99,719)
Principal Paid on Debt	(237,139)	0	0	(237,139)
Interest Paid on Debt	(317,095)	0	0	(317,095)
Net Cash Used for Capital and Related Financing Activities	<u>(653,953)</u>	<u>0</u>	<u>0</u>	<u>(653,953)</u>
<u>Cash Flows from Investing Activities:</u>				
Purchase of Investments	0	0	(4,000)	(4,000)
Net Decrease in Cash and Cash Equivalents	(125,218)	(30,047)	0	(155,265)
Cash and Cash Equivalents Beginning of Year	853,215	51,087	0	904,302
Cash and Cash Equivalents End of Year	<u>\$727,997</u>	<u>\$21,040</u>	<u>\$0</u>	<u>\$749,037</u>

(Continued)

See notes to financial statements

City of Logan, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Type and Similar Trust Fund (Continued)
For the Year Ended December 31, 1999

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- Expendable Trust</u>	
Reconciliation of Operating Income to Net				
<u>Cash Provided by (Used for) Operating Activities:</u>				
Operating Income	\$331,676	\$52,091	\$4,000	\$387,767
Adjustments to Reconcile Operating Income to Net				
<u>Cash Provided by (Used for) Operating Activities</u>				
Depreciation	230,966	0	0	230,966
Changes in Assets and Liabilities:				
Increase in Accounts Receivable	(30,203)	(350)	0	(30,553)
Increase in Intergovernmental Receivables	(38)	0	0	(38)
Decrease in Inventory	4,700	0	0	4,700
Increase in Prepaid Items	(925)	(27,285)	0	(28,210)
Increase (Decrease) in Accounts Payable	5,873	(51)	0	5,822
Decrease in Accrued Salaries Payable	(14,405)	0	0	(14,405)
Increase (Decrease) in Intergovernmental Payables	(1,313)	79	0	(1,234)
Increase in Deferred Revenue	0	2,611	0	2,611
Increase in Compensated Absences	2,404	0	0	2,404
Decrease in Claims Payable	0	(57,142)	0	(57,142)
Net Cash Provided by (Used by) Operating Activities	<u>\$528,735</u>	<u>(\$30,047)</u>	<u>\$4,000</u>	<u>\$502,688</u>
Cash and Cash Equivalents - All Fiduciary Funds		\$40,070		
Cash and Cash Equivalents - Agency Fund and Expendable Trust		<u>40,070</u>		
Cash and Cash Equivalents - Non-Expendable Trust Fund		<u>\$0</u>		

See notes to financial statements

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

The City of Logan (the City) is a municipal corporation operating under the laws of the State of Ohio. In 1838, Logan was incorporated as a village. Logan was declared a city in the late 1800's.

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

A. Reporting Entity

The City utilizes Governmental Accounting Standards Board Statement 14 for determining the reporting entity.

The financial reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the City are not misleading.

The primary government consists of all funds and departments that are not legally separate from the City. Services provided by the primary government include police and fire protection, street maintenance and repairs, community and economic development, parks and recreation, and water and sewer services. A staff provides support (i.e., payroll processing, accounts payable, revenue collection) to the service providers. The operation and control of these activities is provided by the City Council through the budgetary process and by the City Auditor through administrative and managerial requirements and procedures.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also includes organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes for the organization. No potential component units met these criteria.

The following potential component units have been excluded from the City's financial statements because the City is not financially accountable for them nor are the entities fiscally dependent on the City:

Logan-Hocking Local School District
Logan-Hocking County District Library

The City is associated with certain organizations which are defined as jointly governed organizations and an insurance purchasing pool. These organizations are presented in Notes 18 and 19 to the General Purpose Financial Statements. The organizations are:

Hocking Metropolitan Housing Authority
Hocking County Council on Aging, Incorporated
Hocking County Regional Planning Commission
Buckeye Hills-Hocking Valley Regional Development District
South Central Ohio Insurance Consortium

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

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

B. Basis of Presentation - Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and non-expendable trust fund) are accounted for through governmental funds. The following are the City's governmental fund types.

General Fund - This fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the City.

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditure for specific purposes.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and non-expendable trust fund).

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Proprietary Fund Types:

The proprietary funds are used to account for the City's ongoing activities that are similar to those found in the private sector. The following are the City's proprietary fund types:

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be recovered or financed primarily through user charges or where it has been decided that a periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

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

Internal Service Fund - This fund is used to account for operations that are financed on a cost-reimbursement basis for goods or services provided by one department to other departments within the City.

Fiduciary Fund Types:

Fiduciary funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The following are the City's fiduciary fund types:

Expendable Trust Fund - This fund is accounted for in essentially the same manner as governmental funds.

Non-Expendable Trust Fund - This fund is accounted for in essentially the same manner as proprietary funds; the principal of the trust must be preserved.

Agency Fund - This fund is purely custodial (assets equal liabilities) and thus does not involve measurement of results of operations.

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - to account for all general fixed assets of the City other than those accounted for in proprietary funds.

General Long-Term Obligations Account Group - to account for all unmatured general long-term indebtedness of the City that is not a specific liability of the proprietary funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. The City applies Financial Accounting Standards Board statements and interpretations issued on or before November 30, 1989, to proprietary activities provided they do not conflict with Governmental Accounting Standards Board statements and interpretations.

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

A. Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All proprietary funds and the non-expendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to the time when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

All governmental fund types, the expendable trust fund, and the agency fund are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the City is thirty-one days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, state-levied locally shared taxes (including gasoline tax), fines and forfeitures, and employer-withheld income tax.

The City reports deferred revenues in its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of December 31, 1999, whose availability is indeterminate and which are not intended to finance current period obligations, have been recorded as a receivable and deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period employees earn them.

The proprietary funds and the non-expendable trust fund are reported using the accrual basis of accounting. Revenues are recognized when they are earned and become measurable, and expenses are recognized when incurred, if measurable. Unbilled service charges receivable are recognized as revenue at year end.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than the agency fund, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level (personal services and other expenditures) within each fund, program, and department. Budgetary modifications may only be made by resolution of the City Council. The Cemetery Endowment Non-Expendable Trust Fund was not budgeted because the City did not anticipate any financial activity within the fund.

Tax Budget

A tax budget of estimated revenues and expenditures for all budgeted funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenues of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if revenues are estimated to be greater or less than amounts previously certified. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

Appropriations

A temporary appropriations measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The annual appropriations ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriations ordinance fixes spending authority at the fund, department, and object level. The appropriations ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year only by an ordinance of Council. During the year several supplemental appropriation measures were passed. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and is not reappropriated.

C. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the combined balance sheet.

During 1999, investments were limited to STAR Ohio, repurchase agreements, and nonparticipating certificates of deposit. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 1999.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 1999 amounted to \$120,471, which includes \$69,045 assigned from other City funds.

The City has a segregated bank account for monies held separate from the City's central bank account. This bank account is presented in the combined balance sheet as "Cash and Cash Equivalents in Segregated Account" since it is not required to be deposited into the City treasury.

For purposes of the combined statement of cash flows and for presentation of the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Inventory of Supplies

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 1999, 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.

F. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fund fixed assets (assets used to provide services accounted for in proprietary funds) are capitalized in the fund that uses them.

All purchased fixed assets are valued at cost when historical records are available and at estimated historical cost when no historical records exist. For certain assets estimates were calculated by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are valued at their estimated fair market value on the date received. Assets valued at \$500 or more are capitalized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs, gutters, sidewalks, and drainage systems are not capitalized, as these assets are immovable and of value only to the City.

Assets in the general fixed assets account group are not depreciated. Depreciation in the proprietary fund type is computed using the straight-line method over the following useful lives:

Buildings	50 years
Improvements Other than Buildings	20 years
Equipment and Furniture	6-15 years
Vehicles	5 years
Sewer Lines	40 years
Water Lines	40 years

G. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than six months of service.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees with seventeen or more years of service.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

H. Long-Term Debt Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless whether they will be liquidated with current resources. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than thirty-one days after year end are generally considered not to have been paid with current available financial resources. Bonds and long-term loans are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
Compensated Absences	The fund from which the employee's salary is paid.
Pension Obligations	The fund from which the employee's salary is paid.
Police and Fire Pension	Police Pension and Fire Pension Special Revenue Funds
Police Station General Obligation Bond	Police Station Debt Service Fund
Water Mortgage Revenue Bonds	Water Enterprise Fund
OWDA Loans	Sewer Enterprise Fund

I. Contributed Capital

Contributed capital represents resources from private sources provided to enterprise funds that is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Because the City had not prepared financial statements in accordance with generally accepted accounting principles prior to 1994, the exact amount of contributed capital at December 31, 1993, pertaining to years prior to 1993 could not be determined. Consequently, only those amounts that have been able to be identified specifically have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to the proprietary funds have been classified as retained earnings.

J. Capitalization of Interest

The City's policy is to capitalize net interest on proprietary fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax exempt borrowing used to finance the project and the interest earned from temporary investments of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 1999, interest costs incurred on construction projects in proprietary funds were not material.

K. Reservations of Fund Equity

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure or the portion of fund balance that is legally segregated for a specific future use. Fund balances have been reserved for encumbrances, revolving loans, inventory, and endowments.

L. Intergovernmental Revenues

In governmental funds, grants awarded on a non-reimbursement basis, shared revenues, and entitlements are recorded as intergovernmental receivables and revenues when measurable and available. Reimbursable grants are recorded as intergovernmental receivables and revenues when the related expenditures are made.

Grants received for proprietary fund operations are recognized as revenues when measurable and earned. Such resources restricted for the construction of capital assets are recorded as contributed capital. No such contributions have been received.

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

N. Total Columns on General Purpose Financial Statements

Total columns on the General Purpose Financial Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 3 - RESTATED BALANCES

In prior years, the City had overstated accounts receivable in the Water and Sewer Enterprise Funds. The effect of this change on net income as previously reported for the year ended December 31, 1998 is as follows:

	Enterprise
Amount as previously reported	\$32,847
Overstatement of Accounts Receivable	(19,834)
Restated Amount for the year ended December 31, 1998	\$13,013

The overstatement of accounts receivable had the following effect on retained earnings as it was previously reported as of December 31, 1998.

	Enterprise
Balance as previously reported	\$5,398,058
Overstatement of Accounts Receivable	(199,278)
Restated Balance as of January 1, 1999	\$5,198,780

The balance of General Long-Term Obligations Account Group decreased from \$581,952 to \$519,307 as of December 31, 1998, due to the restatement of the police and fire pension liability.

NOTE 4 - COMPLIANCE

The following account had expenditures plus encumbrances in excess of appropriations contrary to Section 5705.41(B), Revised Code:

	Excess
<u>Internal Service Fund:</u>	
Medical Insurance Fund	
Contractual Services	\$6,927

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law accounts for transactions on a basis of cash receipts, disbursements, and encumbrances.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis), All Governmental Fund Types and Similar Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis), All Proprietary Fund Types and Similar Trust Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types or note disclosure for proprietary fund types (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. Revenues received by year end and not posted to cash (budget basis) are recorded as revenue (GAAP basis).

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

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Similar Trust Fund

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP basis	\$163,576	(\$26,855)	(\$23,916)	(\$3,001)
Adjustments:				
Revenue Accruals	(22,247)	(39,444)	5,768	82
Unrecorded Cash	0	5,637	0	0
Expenditure Accruals	(59,518)	(43,437)	3,108	0
Prepaid Items	(1,810)	0	0	0
Encumbrances	<u>(10,378)</u>	<u>0</u>	<u>(300)</u>	<u>0</u>
Budget Basis	<u>\$69,623</u>	<u>(\$104,099)</u>	<u>(\$15,340)</u>	<u>(\$2,919)</u>

Net Income/Excess of Revenues
Over (Under) Expenses
All Proprietary Fund Types and
Similar Trust Fund

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- Expendable Trust</u>
GAAP Basis	\$23,348	\$52,091	\$4,000
Revenue Accruals	(25,888)	2,261	0
Expense Accruals	(2,741)	(9,665)	0
Capital Outlay	(99,719)	0	0
Depreciation	230,966	0	0
Prepaid Items	(925)	(27,285)	0
Debt Principal Retirement	(237,139)	0	0
Interest and Fiscal Charges	(8,767)	0	0
Encumbrances	<u>(20,114)</u>	<u>0</u>	<u>0</u>
Budget Basis	<u>(\$140,979)</u>	<u>\$17,402</u>	<u>\$4,000</u>

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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

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

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits

At year end, the City had \$5,587 in undeposited cash on hand which is included on the balance sheet of the City as part of "Cash and Cash Equivalents".

At year end, the carrying amount of the City's deposits was \$670,140 and the bank balance was \$764,061. Of the bank balance, \$234,132 was covered by federal deposit insurance and \$529,929 was considered 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.

Investments

GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements," requires that the City's investments be classified by category of risk. Category 1 includes investments that are insured or registered or for which the securities are held by the City or the City's agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. STAR Ohio, an investment fund operated by the Ohio State Treasurer is unclassified since it is not evidenced by securities that exist in physical or book entry form.

	1	Category		Carrying	Fair
		2	3	Amount	Value
Repurchase Agreement	\$0	\$0	\$1,483,000	\$1,483,000	\$1,483,137
STAR Ohio	0	0	0	1,002,842	1,002,842
Total	<u>\$0</u>	<u>\$0</u>	<u>\$1,483,000</u>	<u>\$2,485,842</u>	<u>\$2,485,979</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

	<u>Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$3,096,535	\$65,034
Undeposited Cash	(5,587)	0
Investments:		
Certificates of		
Deposit	65,034	(65,034)
Repurchase Agreement	(1,483,000)	1,483,000
STAR Ohio	(1,002,842)	1,002,842
 GASB Statement 3	 \$670,140	 \$2,485,842

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 1999 for real and public utility property taxes represents collections of 1998 taxes. Property tax payments received during 1999 for tangible personal property (other than public utility property) is for 1999 taxes.

1999 taxes collected from real property taxes (other than public utility) are levied after October 1, 1999 on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State Law at 35 percent of appraised market value. 1999 real property taxes are intended to finance 2000. All property is required to be revalued every six years. The last revaluation was completed in 1998. 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.

1999 taxes collected on tangible personal property (other than public utility) are levied after October 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are 25 percent of true value. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

1999 public utility real and tangible personal property taxes became a lien December 31, 1998, are levied after October 1, 1999, and are collected in 2000 with real property taxes. Public utility tangible personal property currently is at varying percentages of true value; public utility real property is assessed at 35 percent of true value.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Logan. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represent real and tangible personal property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 1999. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 1999 operations. The receivable is offset by deferred revenue.

The full tax rate for all City operations for the year ended December 31, 1999, was \$3.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 7 - PROPERTY TAXES (Continued)

Real Property	\$65,156,570
Public Utility Real Property	15,420
Public Utility Tangible Personal Property	4,515,600
Tangible Personal Property	<u>17,815,987</u>
 Total Assessed Value	 <u>\$87,503,577</u>

NOTE 8 - INCOME TAX

The City levies a municipal income tax of one and one-half percent on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality equal to 50 percent of the amount obtained by multiplying the lower of the tax rate of such other municipality or of the City by the taxable income earned in or attributable to the municipality of employment or business activity.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration semi-annually.

Income tax proceeds are to be used for the purposes of general municipal operations, maintenance, new equipment, extension and enlargement of municipal services and facilities, and capital improvements of the City of Logan. In 1999, the General Fund received \$1,720,527 and the Capital Improvements Capital Projects Fund received \$430,131 in income tax revenue.

NOTE 9 - RECEIVABLES

Receivables at December 31, 1999, consisted primarily of taxes; intergovernmental receivables arising from grants, entitlements, and shared revenues; interest on investments; and utility accounts. Loans receivable of \$83,848 and \$47,465 reported in the Economic Development and the Community Development Block Grant Special Revenue Funds, respectively, represent low interest loans for development projects granted to eligible businesses under the Federal Economic Development Assistance and the Community Development Block Grant programs. All receivables are considered fully collectible.

A summary of intergovernmental receivables follows:

<u>GENERAL FUND</u>	
Estate Tax	\$59,286
Local Government	6,211
Local Government Revenue Assistance	11,298
Municipal Court Fines	<u>5,413</u>
Total General Fund	<u>82,208</u>
 <u>SPECIAL REVENUE FUNDS</u>	
<u>Community Development Block Grant</u>	
Community Development Block Grant	25,000
<u>Cops Grant</u>	
U.S. Department of Justice	24,185
<u>Law Enforcement</u>	
Municipal Court Fines	\$287

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 9 - RECEIVABLES (Continued)

<u>Section 18</u>		
Ohio Department of Transportation Grant		\$10,410
<u>State Highway Fund</u>		
Gas Tax		2,006
Motor Vehicle License Tax		243
<u>Street Fund</u>		
Gas Tax		5,330
Motor Vehicle License Tax		<u>2,997</u>
Total Special Revenue Funds		<u>70,458</u>
<u>ENTERPRISE FUND</u>		
<u>Sewer Fund</u>		
Sewer Services		<u>3,703</u>
Total All Funds		<u>\$156,369</u>

NOTE 10 - FIXED ASSETS

Changes in general fixed assets during the year ended December 31, 1999, were as follows:

	Balance January 1, 1999	Additions	Deductions	Balance December 31, 1999
Land	\$403,800	\$0	\$0	\$403,800
Buildings	1,163,222	22,996	0	1,186,218
Improvements to Land				
Other than Buildings	1,659,688	42,312	0	1,702,000
Equipment and Furniture	1,877,809	185,872	3,671	2,060,010
Vehicles	<u>1,128,631</u>	<u>22,788</u>	<u>0</u>	<u>1,151,419</u>
Total	<u>\$6,233,150</u>	<u>\$273,968</u>	<u>\$3,671</u>	<u>\$6,503,447</u>

A summary of the enterprise funds' fixed assets at December 31, 1999 follows:

Land	\$216,600
Infrastructure	1,228,443
Buildings	9,584,539
Improvements Other than Buildings	230,350
Equipment and Furniture	303,935
Vehicles	209,638
Construction in Progress	<u>36,270</u>
Total	11,809,775
Less: Accumulated Depreciation	<u>(2,932,724)</u>
Net Fixed Assets	<u>\$8,877,051</u>

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 1999, the City contracted with Wichert Insurance Services, Incorporated for all of the following insurances:

Building and Contents-replacement cost (\$500 deductible)	\$14,820,073
Boiler and Machinery (\$1,000 deductible)	4,000,000
Crime Insurance (no deductible)-Employee Dishonesty	50,000
Crime Insurance (no deductible)-Money and Securities	10,000
Automobile Liability (\$500 deductible for collision and \$100 comprehensive)	1,000,000
Uninsured Motorists	500,000
General Liability Per Occurrence	1,000,000
General Liability Aggregate Limit	2,000,000
Employee Benefits Liability (\$1,000 deductible)	1,000,000
Employer's Liability Stop-Gap	1,000,000
Law Enforcement Liability (\$2,500 deductible)	1,000,000
Public Officials Liability (\$2,500 deductible)	1,000,000
Umbrella Coverage	1,000,000
Contractor's Equipment (\$500 deductible)	695,849
Electronic Data Processing (\$500 deductible)	27,749

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

For 1999, the City participated in the Ohio Municipal League of Ohio Worker's Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to achieve lower worker's compensation rates while establishing safer working conditions and environments for the participants. The worker's compensation experience of the participating Cities is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its worker's compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its information. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to Cities that can meet the Plan's selection criteria. The firm of Gates McDonald provides administrative, cost control, and actuarial services to the Plan. Each year, the City pays an enrollment fee to the Plan to cover the costs of administering the program.

The City may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Worker's Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any participant leaving the Plan allows the representative of the Plan to access less experience for three years following the last year of participation.

Medical insurance is offered to employees through a self-insurance internal service fund. Monthly payments are made to the fiscal agent who in turn pays the claims on the City's behalf. The claims liability of \$16,752 reported in the internal service fund at December 31, 1999, is based on an estimate provided by the third party administrator. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for 1998 and 1999 are as follows:

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 11 - RISK MANAGEMENT (continued)

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1998	\$0	\$83,555	\$9,661	\$73,894
1999	73,894	180,871	238,013	16,752

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System

All City employees, other than non-administrative full-time uniformed police officers and firemen, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 9.35 percent. Contributions are authorized by State statute. The City's required contributions to PERS for the years ended December 31, 1999, 1998, and 1997 were \$125,436, \$121,632, and \$107,814, respectively. The full amount has been contributed for 1998 and 1997. 69 percent has been contributed for 1999, with the remainder being reported as a liability within the enterprise funds and the general long-term obligations account group.

B. Police and Firemen's Disability and Pension Fund

The City contributes to the Police and Firemen's Disability and Pension Fund of Ohio (PFDPF), a cost-sharing multiple employer public employee retirement system administered by PFDPF's Board of Trustees. PFDPF provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. PFDPF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Police and Firemen's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43215.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 12.5 percent for police and 17 percent for firefighters. Contributions are authorized by State statute. The City's contributions to PFDPF for police and firefighters were \$60,553 and \$50,941 for the year ended December 31, 1999, \$51,960 and \$52,068 for 1998 and \$49,385 and \$48,582 for 1997. The full amount has been contributed for 1998 and 1997. 64 percent and 71 percent, respectively, has been contributed for 1999 with the remainder being reported as a liability within the general long-term obligations account group.

In addition to the current contribution, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967. This liability was paid off in 1999.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System (PERS)

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion that was used to fund health care.

Benefits were funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062. The City's actual contributions for 1999 which were used to fund OPEB were \$56,345.

During 1997, PERS adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2 percent of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health coverage.

B. Police and Firemen's Disability and Pension Fund

The Police and Firemen's Disability and Pension Fund (PFDPF) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Police and Firemen's Disability and Pension Fund's Board of Trustees to provide health care coverage and states that health care cost paid from the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll of which 7 percent was applied to the postemployment health care program, an increase from 6.5 percent in 1998. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 1999 that were used to fund postemployment benefits were \$33,909 for police and \$20,976 for fire. PFDPF's total health care expenses for the year ended December 31, 1998 (the latest information available) were \$78,596,790. The number of PFDPF participants eligible to receive health care benefits as of December 31, 1998, was 11,424 for police and 9,186 for firefighters.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 14 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

City employees earn vacation leave at varying rates depending on length of service. A maximum number of vacation hours may be accumulated based on length of service. Any unused vacation exceeding the maximum allowance is eliminated from the employee's leave balance. Accumulated, unused vacation leave is paid upon separation if the employee has six months of service with the City.

City employees earn sick leave at the rate of four and six tenths hours per eighty hours of service. Sick leave is cumulative without limit. In the case of death or retirement of an employee who has ten years of service, an employee or his estate is paid for one-fourth of his accumulated sick leave up to a maximum of four hundred and eighty hours.

As of December 31, 1999, the liability for unpaid compensated absences was \$183,227 for the entire City.

B. Insurance

In 1999, the City contracted with Professional Risk Management to provide all employees with \$15,000 each in life insurance and accidental death insurance, except for the police department employees which receive \$25,000 each in insurance.

The fire department single employees receive dental insurance coverage for a monthly premium of \$27.02 through The Guardian insurance company, which is paid by the City. The single employees of the fire department also receive vision coverage for a monthly premium of \$6.42 paid by the City through the Vision Service Plan.

NOTE 15 - CONTRACTUAL COMMITMENTS

As of December 31, 1999, the City had a contractual purchase commitment for three projects. The amount of the projects are as follows:

<u>Project</u>	<u>Fund</u>	<u>Purchase Commitments</u>	<u>Amounts Paid as of 12/31/99</u>	<u>Amounts Remaining on Contracts</u>
Community Development Block Grant Housing Project	Community Development Block Grant	\$18,375	\$17,456	\$919
Rehabilitate Hunter Street	Capital Improvement	122,657	78,991	43,666
Improve Waste Water Treatment Plan	Sewer	93,000	36,270	56,730
Totals		\$234,032	\$132,717	\$101,315

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 16 - LONG-TERM OBLIGATIONS

Changes in the City's long-term obligations during 1999 consist of the following:

General Long-Term Obligations:

	<u>Outstanding 1/1/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/99</u>
Police Station 5.4% - 1996 General Obligation Bonds	\$203,780	\$0	\$48,843	\$154,937
Police Pension	71,856	0	71,856	0
Fire Pension	61,266	0	61,266	0
Pension Obligations	75,276	81,341	75,276	81,341
Compensated Absences	<u>107,129</u>	<u>101,777</u>	<u>94,950</u>	<u>113,956</u>
Total General Long-Term Obligations	<u>\$519,307</u>	<u>\$183,118</u>	<u>\$352,191</u>	<u>\$350,234</u>

Enterprise Fund Obligations:

	<u>Outstanding 1/1/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/99</u>
Water 1994 - 5.00% Mortgage Revenue Bonds	\$1,739,300	\$0	\$73,500	\$1,665,800
Sewer 1989 - 8.31% OWDA Loans	<u>2,769,311</u>	<u>0</u>	<u>163,639</u>	<u>2,605,672</u>
Total Enterprise Fund Obligations	<u>\$4,508,611</u>	<u>\$0</u>	<u>\$237,139</u>	<u>\$4,271,472</u>

As of December 31, 1999, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$9,187,876.

The police and fire pension liability represented amounts paid to the retirement system that were incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967.

Annual debt service requirements to maturity for the City's general obligation bonds, including interest in the amount of \$17,534, are:

<u>Year</u>	<u>General Obligation Bonds</u>
2000	\$58,288
2001	58,288
2002	<u>55,895</u>
TOTAL	<u>\$172,471</u>

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

The police station general obligation bond represents amounts issued for the purpose of constructing, furnishing, and equipping the City's police station. The bonds will be paid from income tax revenues through the Police Building Debt Service Fund.

Annual debt service requirements to maturity for the City's OWDA loan, including interest in the amount of \$1,332,018, are:

<u>Year</u>	<u>OWDA</u>
2000	\$393,769
2001	393,769
2002	393,769
2003	393,769
2004	393,769
2005-09	<u>1,968,845</u>
TOTAL	<u>\$3,937,690</u>

The OWDA loans represent amounts borrowed from the Ohio Water Development Authority for the construction of the wastewater treatment plant. The loan will be paid from Sewer Enterprise Fund revenue.

Annual debt service requirements to maturity for the City's mortgage revenue bonds, including interest in the amount of \$741,485, are:

<u>Year</u>	<u>Mortgage Revenue Bonds</u>
2000	\$160,490
2001	160,530
2002	160,475
2003	160,420
2004	160,555
2005-09	802,405
2010-14	<u>802,410</u>
TOTAL	<u>\$2,407,285</u>

The mortgage revenue bonds represent amounts borrowed from the Farmer's Home Administration for the purpose of improving the water system. The bonds will be paid from Water Enterprise Fund revenue.

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

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 17 - SEGMENT INFORMATION

The City's enterprise funds account for the provision of water and sewer services. Key financial information as of and for the year ended December 31, 1999, for each enterprise fund is as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Operating Revenues	\$845,958	\$872,030	\$1,717,988
Depreciation Expense	99,103	131,863	230,966
Operating Income (Loss)	(28,944)	360,620	331,676
Non-Operating Expenses	(84,961)	(223,367)	(308,328)
Net Income (Loss)	(113,905)	137,253	23,348
Property, Plant and Equipment:			
Additions	24,139	77,440	101,579
Net Working Capital	313,769	241,317	555,086
Total Assets	4,181,946	5,718,673	9,900,619
Bonds and Other Long-Term			
Liabilities Payable from Revenue	1,631,475	2,445,090	4,076,565
Total Equity	2,389,105	2,966,467	5,355,572
Cash Encumbrances Outstanding at December 31, 1999	10,200	9,914	20,114

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.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. Hocking County Regional Planning Commission

The City participates in the Hocking County Regional Planning Commission, which is a statutorily created political subdivision of the State. The Commission is governed by a nine member board composed of the Mayor of the City of Logan, the three Hocking County Commissioners, the County Engineer, the County Sanitarian, and three individuals from the public sector. Each member's control over the operation of the Commission is limited to its representation of the board. The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of Hocking County. In 1999, the City did not contribute any money to the Commission. Continued existence is not dependent on the City's continued participation, no equity interest exists, and no debt is outstanding.

D. Buckeye Hills-Hocking Valley Regional Development District

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

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

NOTE 19 - INSURANCE PURCHASING POOL

South Central Ohio Insurance Consortium

The City participates in the South Central Ohio Insurance Consortium, an insurance purchasing pool organized under Ohio Revised Code Chapter 167. The Consortium operates to provide health insurance coverage to enrolled employees of the consortium's twelve member entities and to eligible dependents of those enrolled employees. The overall objectives of the consortium are to formulate and administer a program of health insurance for the benefit of the consortium members' employees and their dependents and to obtain lower costs for health coverage. Contributions are determined by the Consortium, who then pays all incurred claims. The governing board consists of the superintendent, council member, or other designee appointed by each of the members of the Consortium. The City does not have an ongoing financial interest in or going financial responsibility for the Consortium other than claims paid on behalf of the City for City employees.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 20 - CONTINGENT LIABILITIES

A. Litigation

As of December 31, 1999, the City had one lawsuit pending. The City is of the opinion that ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

B. Federal and State Grants

For the period January 1, 1999, to December 31, 1999, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 21 - SUBSEQUENT EVENT

The City contracts with Enterprise Development Corporation to process the City's revolving loan program. In 1999, the City loaned \$78,000 from the Community Development Block Grant Special Revenue Fund to the Heritage Home Health Agency. To date, the Heritage Home Health Agency has not made any of the required payments which began in December 1999. Since the balance sheet date, the Enterprise Development Corporation began the foreclosure process on the Heritage Home Health Agency property. The loan is not expected to be repaid to the City. Any money obtained from the sale of the property will be repaid directly to the State, due to the City not meeting the compliance requirements of the grant agreement which was obtained initially through the Community Development Block Grant program. It is unknown at this time if the City will be responsible for any amount of the loan not repaid by the foreclosure of the property. Due to this information obtained after the balance sheet date, the loan receivable for \$78,000 was removed from the City's balance sheet.

City of Logan
 Schedule of Federal Awards Expenditures
 Year Ended December 31, 1999

	<u>STATE PASS THRU NUMBER</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FUNDS EXPENDED</u>
<u>FROM U.S. DEPARTMENT OF TRANSPORTATION/ OHIO DEPARTMENT OF TRANSPORTATION</u>			
Public Transportation for Nonurbanized Areas	OH-18-X016 OH-18-X015	20.509	\$ 30,367
<u>FROM U.S. DEPARTMENT OF HUD/ OHIO DEPARTMENT OF DEVELOPMENT</u>			
Community Development Block Grants/State	A-E-98-140-1 A-C-97-140-1	14.228	294,277
<u>FROM DEPARTMENT OF JUSTICE</u>			
Public Safety Partnership and Community	N/A	16.710	<u>58,819</u>
TOTAL ALL PROGRAMS			\$ <u>383,463</u>



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Members of Council
City of Logan
Logan, Ohio

We have audited the general purpose financial statements of the City of Logan as of and for the year ended December 31, 1999, and have issued our report thereon dated May 2, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

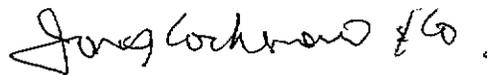
As part of obtaining reasonable assurance about whether the City of Logan's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings related to the financial statements as items 1999-2211-001 through 1999-2211-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the City of Logan, in a separate letter dated May 2, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Logan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Logan's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings related to the financial statements as items 1999-2211-005 through 1999-2211-006.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. The reportable conditions described above, items 1999-2211-005 and 1999-2211-006 are considered to be material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to management of the City of Logan in a separate letter dated May 2, 2000.

This report is intended solely for the information and use of the members of council, management and Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Jones Cochenour & Co." followed by a period.

**Jones, Cochenour & Co.
May 2, 2000**



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Members of Council
City of Logan
Logan, Ohio

Compliance

We have audited the compliance of City of Logan, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 1999. City of Logan's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of City of Logan's management. Our responsibility is to express an opinion on City of Logan's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Logan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Logan's compliance with those requirements.

As described in items 1999-2211-007 through 1999-2211-008 in the accompanying schedule of findings and questioned costs, City of Logan did not comply with requirements regarding cash management and procurement that are applicable to its Community Development Block Grant Program. Compliance with such requirements is necessary, in our opinion, for City of Logan to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, City of Logan complied, in all material respects, with the requirements that are applicable to its major federal program for the year ended December 31, 1999.

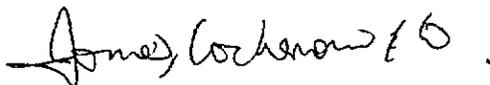
Internal Control Over Compliance

The management of City of Logan is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Logan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect City of Logan's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 1999-2211-009.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable condition described above is a material weakness.

This report is intended solely for the information and use of the members of council, management and Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.



Jones, Cochenour & Co.
May 2, 2000

Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505

City of Logan
December 31, 1999

1. SUMMARY OF AUDITORS' RESULTS

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
Were there any material internal control weakness conditions reported for major federal programs?	Yes
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	Yes
Major Programs (list):	CFDA #14.228 Small Cities Community Development Block Grant Economic Development Program
Dollar Threshold: Type A/B Programs	Type A: \$300,000 Type B: All others
Low Risk Auditee?	No

CITY OF LOGAN
HOCKING COUNTY
DECEMBER 31, 1999

2. FINDINGS RELATED TO FINANCIAL STATEMENTS

Finding Number

1999-2211-001

Ohio Rev. Code Section 5705.36 allows subdivisions to request increased or decreased amended certificates upon determination by the fiscal officer that revenue collected will be greater or less than the amount in the official certificate of estimated resources. During our audit, we noted that the City had estimated resources less than the amount in the official certificate in the CDBG fund. This resulted in another citation, whereas the appropriations exceed estimated resources. Estimated revenues should have been increased. We recommend that the City request an amended certificate of estimated resources in the future, when it is determined by the fiscal officer that revenue to be collected will be greater or less than the amount obtained.

Finding Number

1999-2211-002

Ohio Rev. Code Section 5705.39(B) states that total appropriations from each fund should not exceed the total estimated revenue. During our testing throughout the period under audit we noted that appropriations exceeded the estimated resources in the CDBG fund. We recommend that the City monitor this activity throughout the year and when necessary amend the appropriations and have them properly certified.

Finding Number

1999-2211-003

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. During our audit, we noted where the City had expenditures in excess of appropriations in the Internal Service Fund at year end. We recommend the City monitor its expenditures and make changes to the appropriations as needed.

Finding Number

1999-2211-004

Ohio Rev. Code Section 5705.41(D) states that blanket certificates are not to exceed \$5,000 against any specific line item over a period not to exceed 3 months or run beyond the end of the fiscal year. The City had instances of blanket certificates exceeding the 3 months. We recommend that blanket certificates be closely monitored so they do not exceed 3 months and/or \$5,000.

Finding Number

1999-2211-005

REPORTABLE CONDITION - MATERIAL WEAKNESS: CONTRACTS

The contract parameters of the City ordinance (Chapter 37: Purchasing System) are not being followed to the fullest extent by the City purchasing agent. During contract testing it was noted that payments to the following could not be tested for competitive bidding procedures, the City was unable to locate the files:

CITY OF LOGAN
HOCKING COUNTY
DECEMBER 31, 1999

2. FINDINGS RELATED TO FINANCIAL STATEMENTS - (CONTINUED)

Finding Number	1999-2211-005 - Continued
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REPORTABLE CONDITION - MATERIAL WEAKNESS: CONTRACTS - CONTINUED

<u>YENDOR</u>	<u>Amount Paid</u>
Robert Schmitter	\$ 15,100
Barnett Construction	25,783
Richland Engineering	102,353
G.M. Baker & Son	10,685
Dow Construction	19,950
Jack Doheny Supplies Ohio, Inc.	90,000

Also section 37.05 - open market orders for purchases greater than \$2,000 was not followed. We recommend that the contract files contain a checklist that follows all the guidelines of Chapter 37 as it is currently written or make necessary modifications to the Chapter to best fit the City's needs.

Finding Number	1999-2211-006
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REPORTABLE CONDITION - MATERIAL WEAKNESS: INVENTORY

The City was unable to provide proper documentation of the inventory of meters in the Enterprise fund. There was no indication that a physical count had been done for the year end. We recommend that a physical count is taken and the records are maintained for proper documentation.

3. FINDINGS RELATED TO FEDERAL AWARDS

Finding Number	1999-2211-007
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The City did not comply with the Department of Development's fifteen day rule, whereas, to maintain less than \$5,000 on hand within fifteen days of the receipt of funds. The City exceeded the \$5,000 threshold in November and December of 1999. We recommend proper monitoring of the cash balances and better procedures for the cash receipts and disbursements of the federal programs.

Finding Number	1999-2211-008
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The terms of the CDBG program were not followed by the City. The funds in the amount of \$85,000 (\$7,000 was for administrative fees to Enterprise) were forwarded to Enterprise Development Corporation for the Project Heritage Home Health Agency. See Subsequent Events to footnote number 21. As a result of the subsequent event no new jobs were created, therefore, noncompliance of the grant agreement. We recommend the City communicate with the Ohio Department of Development to determine the appropriate procedures to go through for a resolution to the noncompliance.

CITY OF LOGAN
HOCKING COUNTY
DECEMBER 31, 1999

2. FINDINGS RELATED TO FINANCIAL STATEMENTS - (CONTINUED)

Finding Number	1999-2211-009
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REPORTABLE CONDITION - MATERIAL WEAKNESS: CONTRACTS

The contract parameters of the City ordinance (Chapter 37: Purchasing System) are not being followed to the fullest over extent. During our contract testing the City was unable to locate files for us to fully test the competitive bidding procedures. It is noted that we were able to test contracts for the major federal program, however, this condition could affect the City's ability to administer future federal expenditures if not corrected. We recommend that the City follow Chapter 37 or modify it to best fit the City's needs.

CITY OF LOGAN
HOCKING COUNTY

STATUS OF PRIOR AUDIT FINDINGS AND CITATIONS

<u>DESCRIPTION</u>	<u>STATUS</u>	<u>COMMENTS</u>
CITATIONS:		
1. ORC 9.38 timely deposits.	Corrected	N/A
2. ORC 5705.41(D) certification prior to time of payment and blanket certificates exceed time limits.	Not Corrected	City is developing a new purchase order policy.
<u>REPORTABLE CONDITIONS:</u>		
1. No purchase orders for disbursements of less than \$100.	Corrected	N/A
2. Year 2000.	Corrected	N/A
3. Contract parameters of City ordinance not being followed.	Not Corrected	City is developing a new procurement policy and have a new purchasing agent.

CITY OF LOGAN
CORRECTIVE ACTION PLAN
December 31, 1999

Finding Number	Corrective Action	Responsible Person
1999-2211-007	There was a miscommunication between the City and Enterprise Development Corp. (the Administrator). The funds needed to be appropriated by Council, in order to be expended. This required three separate readings of the Ordinance, which took 6 weeks. This communication problem has been addressed.	Mayor
1999-2211-008	The City has met with Enterprise Development Corporation regarding this loan. Enterprise Development Corp. has begun the foreclosure process. They have also been investigating to determine if any new jobs were created prior to Heritage Home Health going out of business.	Mayor
1999-2211-009	Concerning the recent audit review dealing with the Chapter 37: Purchasing System of the Logan Codified Ordinances. The review showed that there seems to be a restriction on the amount the Service Director may sign for. This process has started to correct this concern. Hopefully by the end of this year the limits will be raised to better accommodate the needed process flow.	Service Director

CITY OF LOGAN
HOCKING COUNTY

CONCLUSION STATEMENT

A post-audit conference with the City of Logan officials was conducted on May 23, 2000 at which time they were notified they have five business days to respond to the preliminary report. All responses were reviewed.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CITY OF LOGAN
HOCKING COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

By: *Susan Babbitt*

Date: JUNE 20, 2000