

**CITY OF LOGAN  
HOCKING COUNTY, OHIO**

*Basic Financial Statements*  
(Audited)

For The Year Ended  
December 31, 2014

**ANNA T. LINDSAY, CITY AUDITOR**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Logan, Hocking County, prepared by Julian & Grube, Inc., for the audit period January 1, 2014 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 14, 2015

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**CITY OF LOGAN  
HOCKING COUNTY, OHIO**

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# Julian & Grube, Inc.

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

## Independent Auditor's Report

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

To the Members of Council and Mayor:

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Hocking County, Ohio, as of and for the year ended December 31, 2014 and the related notes to the financial statements, which collectively comprise the City of Logan's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Hocking County, Ohio, as of December 31, 2014, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2015, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Logan's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
June 17, 2015

**City of Logan, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2014*  
*Unaudited*

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The discussion and analysis of the City of Logan's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

## **FINANCIAL HIGHLIGHTS**

### **Key financial highlights for 2014 are as follows:**

- In total, net position decreased \$456,484. Net position of governmental activities decreased \$368,959 from 2013. Net position of business-type activities decreased \$87,525 from 2013.
- In total, assets decreased \$685,447. Governmental activities decreased \$496,779; the business-type activities assets decreased \$188,668.
- Overall, capital assets decreased \$387,695. Total capital assets of governmental activities decreased \$139,204, or 2 percent. Capital assets of business-type activities decreased \$248,491, or 2 percent.
- In total, liabilities decreased \$247,296. Total liabilities of governmental activities decreased \$146,153. Total liabilities of business-type activities decreased \$101,143 from 2013.

## **USING THIS ANNUAL FINANCIAL REPORT**

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

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

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements report the City's most significant funds individually and the City's non-major funds in a single column.

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

#### *Statement of Net Position and Statement of Activities*

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The Statement of Net Position and Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

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

**City of Logan, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2014*  
*Unaudited*

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

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

***Reporting the City of Logan's Most Significant Funds***

*Fund Financial Statements*

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

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

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

**City of Logan, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2014*  
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**THE CITY OF LOGAN AS A WHOLE**

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2014 compared to 2013.

(Table 1)  
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Assets</b>						
Current and Other Assets	\$2,983,347	\$3,340,922	\$2,133,407	\$2,073,584	\$5,116,754	\$5,414,506
Capital Assets, Net	7,709,643	7,848,847	20,125,820	20,374,311	27,835,463	28,223,158
<i>Total Assets</i>	<u>10,692,990</u>	<u>11,189,769</u>	<u>22,259,227</u>	<u>22,447,895</u>	<u>32,952,217</u>	<u>33,637,664</u>
<b>Liabilities</b>						
Current and Other Liabilities	234,659	261,597	133,835	286,090	368,494	547,687
Long-Term Liabilities:						
Due within One Year	260,741	241,604	264,076	166,381	524,817	407,985
Due in More than One Year	760,632	898,984	9,169,986	9,216,569	9,930,618	10,115,553
<i>Total Liabilities</i>	<u>1,256,032</u>	<u>1,402,185</u>	<u>9,567,897</u>	<u>9,669,040</u>	<u>10,823,929</u>	<u>11,071,225</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes	419,113	400,780	0	0	419,113	400,780
<b>Net Position</b>						
Net Investment in Capital Assets	7,029,613	7,038,894	10,809,740	10,952,429	17,839,353	17,991,323
Restricted for:						
Perpetual Care:						
Non-Expendable	137,380	65,034	0	0	137,380	65,034
Police	6,012	14,767	0	0	6,012	14,767
Fire	59,236	46,786	0	0	59,236	46,786
Transportation	237,076	161,114	0	0	237,076	161,114
Capital Projects	212,515	224,671	0	0	212,515	224,671
Economic Development	683,843	806,091	0	0	683,843	806,091
Cemeteries	35,027	34,114	0	0	35,027	34,114
Community Environment	621	621	0	0	621	621
Unrestricted	616,522	994,712	1,881,590	1,826,426	2,498,112	2,821,138
<i>Total Net Position</i>	<u>\$9,017,845</u>	<u>\$9,386,804</u>	<u>\$12,691,330</u>	<u>\$12,778,855</u>	<u>\$21,709,175</u>	<u>\$22,165,659</u>

For governmental activities, total assets decreased \$496,779 mainly due to decreases in intergovernmental receivables, income tax receivables, and cash and cash equivalents. Intergovernmental receivables decreased \$141,201 and income taxes receivable decreased \$41,465. Cash and cash equivalents decreased \$242,989. Long-term liabilities decreased \$119,215 mainly due to debt payments made during 2014.

For business-type activities, capital assets decreased \$248,491. Current liabilities decreased \$152,255 mainly due to a \$181,480 decrease in retainage payable. Long-term liabilities increased \$51,112 mainly due to additional debt incurred for the OWDA Sanitary Sewer Evaluation Project.

**City of Logan, Ohio**  
*Management's Discussion and Analysis*  
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Table 2 reflects the change in net position from the prior year.

(Table 2)  
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$428,362	\$438,638	\$2,845,358	\$2,962,740	\$3,273,720	\$3,401,378
Operating Grants, Contributions and Interest	556,229	858,726	49,500	395,000	605,729	1,253,726
Capital Grants and Contributions	137,737	132,251	0	0	137,737	132,251
<i>Total Program Revenues</i>	<u>1,122,328</u>	<u>1,429,615</u>	<u>2,894,858</u>	<u>3,357,740</u>	<u>4,017,186</u>	<u>4,787,355</u>
General Revenues						
Property and Other Local Taxes	518,584	472,967	0	0	518,584	472,967
Income Taxes	2,730,006	2,745,818	0	0	2,730,006	2,745,818
Grants and Entitlements	264,931	266,181	0	0	264,931	266,181
Gain on Sale of Capital Assets	575	500	0	0	575	500
Interest	7,487	5,198	0	0	7,487	5,198
Other	15,420	13,659	9,810	49,411	25,230	63,070
<i>Total General Revenues</i>	<u>3,537,003</u>	<u>3,504,323</u>	<u>9,810</u>	<u>49,411</u>	<u>3,546,813</u>	<u>3,553,734</u>
<b>Total Revenues</b>	<u>4,659,331</u>	<u>4,933,938</u>	<u>2,904,668</u>	<u>3,407,151</u>	<u>7,563,999</u>	<u>8,341,089</u>
<b>Program Expenses</b>						
General Government	690,789	794,534	0	0	690,789	794,534
Security of Persons and Property:						
Police	1,977,708	1,888,985	0	0	1,977,708	1,888,985
Fire	992,169	950,220	0	0	992,169	950,220
Transportation	647,956	803,549	0	0	647,956	803,549
Public Health Services	416,314	328,299	0	0	416,314	328,299
Leisure Time Activities	148,039	133,681	0	0	148,039	133,681
Community Environment	134,432	301,444	0	0	134,432	301,444
Basic Utility Services	2,631	2,182	0	0	2,631	2,182
Interest and Fiscal Charges	18,252	17,037	0	0	18,252	17,037
Water	0	0	1,465,335	1,311,726	1,465,335	1,311,726
Sewer	0	0	1,526,858	1,412,634	1,526,858	1,412,634
<i>Total Program Expenses</i>	<u>5,028,290</u>	<u>5,219,931</u>	<u>2,992,193</u>	<u>2,724,360</u>	<u>8,020,483</u>	<u>7,944,291</u>
<i>Increase (Decrease) in Net Position</i>	<u>(368,959)</u>	<u>(285,993)</u>	<u>(87,525)</u>	<u>682,791</u>	<u>(456,484)</u>	<u>396,798</u>
<i>Net Position at Beginning of Year</i>	<u>9,386,804</u>	<u>9,672,797</u>	<u>12,778,855</u>	<u>12,096,064</u>	<u>22,165,659</u>	<u>21,768,861</u>
<i>Net Position at End of Year</i>	<u>\$9,017,845</u>	<u>\$9,386,804</u>	<u>\$12,691,330</u>	<u>\$12,778,855</u>	<u>\$21,709,175</u>	<u>\$22,165,659</u>

**Governmental Activities**

Several revenue sources fund our governmental activities, with the City income tax being the biggest contributor. The income tax rate is 1.5 percent. General revenues from property taxes and grants and entitlements, such as local government funds, are also large revenue generators. The City monitors these revenue sources very closely for fluctuations because the income tax, property and other local taxes, and intergovernmental revenue represent 59 percent, 11 percent, and 6 percent, respectively, of all general revenues in the governmental activities.

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

**City of Logan, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2014*  
*Unaudited*

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Intergovernmental revenues (operating and capital grants) and contributions accounted for 62 percent of all program revenues. These revenues are not generated from the City's own resources. Such revenues are often unpredictable and accompanied by administrative requirements. The lower this percentage, the better in regards to independence.

Security of persons and property is a major activity of the City, generating 59 percent of the governmental expenses. During 2014, expenses for police and fire operations amounted to \$1,977,708 and \$992,169, respectively. These activities are, for the most part, funded by the municipal income tax and property taxes. The City attempts to supplement the income and activities of the police department to enable the department to widen the scope of its activity. The fire department and its employees continue to work hand in hand with the City to help reduce the costs to the taxpayer.

Transportation activities of the City accounted for 13 percent of governmental expenses.

General government, public health, leisure time activities, community environment, and basic utility service activities account for the remaining 28 percent of governmental expenditures.

***Business-Type Activities***

The City's business-type activities are composed of water and sewer operations and are funded almost entirely from charges for services. During 2014, the City collected \$117,382 less in charges for services from the previous year and also spent \$267,833 more.

The City's water and sewer departments continued to operate with low rates. The minimum water and sewer rates are \$12.88 and \$12.84, respectively, for the first 2,000 gallons. Water and sewer rates for two surrounding communities are \$13.16 and \$21.14 for water and \$13.84 and \$25.32 for sewer.

**THE CITY'S FUNDS**

The City's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$4,732,411 and expenditures of \$5,008,090.

The fund balance of the General Fund decreased \$381,918. The General Fund's balance of \$425,345 represented 12 percent of current year expenditures. Most of this balance remains in the City's treasury.

During 2014, the Water Fund had operating revenues of \$1,473,893 and operating expenses of \$1,523,237. The Sewer Fund had operating revenues of \$1,381,275 and operating expenses of \$1,242,014. Water and sewer rates last increased 3 percent on July 1, 2014.

***General Fund Budgeting Highlights***

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

During the course of 2014, the City amended its General Fund budget several times, none were significant. All recommendations for a budget change came from the City Auditor to the Finance Committee of Council for review before going to the whole Council for Ordinance enactment on the change. The allocation of appropriations among the objects within a fund may be modified during the year by the City Auditor without an ordinance of Council. With the General Fund supporting many of our major activities such as our police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely by looking for possible revenue shortfalls or overspending by individual departments.

**City of Logan, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2014*  
*Unaudited*

For the General Fund, there were no changes made to initial budgeted revenues of \$3,234,495. Final budgeted expenditures were increased \$52,289 over the original amount. The City of Logan's ending unencumbered fund cash balance in the General Fund was \$260,857 above the final budgeted amount. This is due to the City continuing to make every reasonable effort to hold costs down and maximize the returns the City receives for the monies that are spent.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

(Table 3)  
 Capital Assets at December 31, 2014  
 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$1,019,250	\$1,016,036	\$216,600	\$216,600	\$1,235,850	\$1,232,636
Construction in Progress	0	0	231,062	9,876,530	231,062	9,876,530
Land Improvements	1,998,052	2,072,340	1,890	2,030	1,999,942	2,074,370
Buildings and Improvements	876,390	905,109	0	0	876,390	905,109
Furniture, Fixtures, and Equipment	633,676	610,863	371,244	420,105	1,004,920	1,030,968
Vehicles	1,457,891	1,580,040	30,743	22,500	1,488,634	1,602,540
Infrastructure:						
City Streets	1,625,165	1,559,886	0	0	1,625,165	1,559,886
Street Signals	99,219	104,573	0	0	99,219	104,573
Water System	0	0	17,589,928	3,141,730	17,589,928	3,141,730
Sewer System	0	0	1,684,353	6,694,816	1,684,353	6,694,816
<b>Totals</b>	<b>\$7,709,643</b>	<b>\$7,848,847</b>	<b>\$20,125,820</b>	<b>\$20,374,311</b>	<b>\$27,835,463</b>	<b>\$28,223,158</b>

The assets of the City are reported at historical cost, net of depreciation. For additional information on capital assets, see Note 11 to the basic financial statements.

**Debt**

As of December 31, 2014, and December 31, 2013, the City had total long-term debt of \$9,982,491 and \$10,047,178, respectively, as follows:

(Table 4)  
 Outstanding Debt at December 31, 2014

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
OPWC Loans	\$0	\$0	\$4,609	\$0	\$4,609	\$0
OWDA Loans	0	0	9,223,092	9,150,682	9,223,092	9,150,682
Energy Conservation Bonds	149,274	172,801	74,760	86,543	224,034	259,344
General Obligation Bonds	38,472	57,587	0	0	38,472	57,587
Capital Leases	492,284	579,565	0	0	492,284	579,565
<b>Totals</b>	<b>\$680,030</b>	<b>\$809,953</b>	<b>\$9,302,461</b>	<b>\$9,237,225</b>	<b>\$9,982,491</b>	<b>\$10,047,178</b>

The City's overall legal debt margin was \$11,259,605 at December 31, 2014. For additional information on the City's debt, see Notes 15 and 17 to the basic financial statements.

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

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**CURRENT ISSUES**

As the preceding information shows, the City depends heavily on its taxpayers and grants and entitlements. Stress on the City's finances is ongoing. However, infrastructure improvements and upgrades are continuing. The construction of a new wastewater treatment facility was completed in 2014. It is imperative that the City of Logan continues to tighten spending to better bring expenses in line with revenues. The City must carefully watch financial planning if it hopes to remain on firm financial footing.

**CONTACTING THE CITY AUDITOR'S DEPARTMENT**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Anna T. Lindsay, Logan City Auditor, 10 South Mulberry Street, Logan, Ohio 43138.

**City of Logan, Ohio**  
*Statement of Net Position*  
*December 31, 2014*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$775,790	\$1,681,649	\$2,457,439
Investments in Segregated Accounts	137,380	0	137,380
Accrued Interest Receivable	3,170	0	3,170
Intergovernmental Receivable	611,848	0	611,848
Accounts Receivable	9,693	451,758	461,451
Permissive MVL Taxes Receivable	2,422	0	2,422
Income Taxes Receivable	626,954	0	626,954
Property and Other Local Taxes Receivable	443,240	0	443,240
Loans Receivable	372,850	0	372,850
Nondepreciable Capital Assets	1,019,250	447,662	1,466,912
Depreciable Capital Assets, Net	6,690,393	19,678,158	26,368,551
<i>Total Assets</i>	<u>10,692,990</u>	<u>22,259,227</u>	<u>32,952,217</u>
<b>Liabilities</b>			
Accounts Payable	50,773	58,814	109,587
Contracts Payable	0	13,619	13,619
Accrued Wages Payable	79,594	30,765	110,359
Accrued Interest Payable	4,152	243	4,395
Intergovernmental Payable	100,140	30,394	130,534
Long-Term Liabilities:			
Due within One Year	260,741	264,076	524,817
Due in More than One Year	760,632	9,169,986	9,930,618
<i>Total Liabilities</i>	<u>1,256,032</u>	<u>9,567,897</u>	<u>10,823,929</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	419,113	0	419,113
<b>Net Position</b>			
Net Investment in Capital Assets	7,029,613	10,809,740	17,839,353
Restricted for:			
Perpetual Care:			
Non-Expendable	137,380	0	137,380
Police	6,012	0	6,012
Fire	59,236	0	59,236
Transportation	237,076	0	237,076
Capital Projects	212,515	0	212,515
Economic Development	683,843	0	683,843
Cemeteries	35,027	0	35,027
Community Environment	621	0	621
Unrestricted	616,522	1,881,590	2,498,112
<i>Total Net Position</i>	<u>\$9,017,845</u>	<u>\$12,691,330</u>	<u>\$21,709,175</u>

See accompanying notes to the basic financial statements

**City of Logan, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2014

	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government	\$690,789	\$89,081	\$0	\$1
Security of Persons and Property:				
Police	1,977,708	41,214	114,316	0
Fire	992,169	134,739	6,768	0
Transportation	647,956	34,248	313,644	137,736
Public Health Services	416,314	55,769	73,406	0
Leisure Time Activities	148,039	73,311	48,076	0
Community Environment	134,432	0	19	0
Basic Utility Services	2,631	0	0	0
Interest and Fiscal Charges	18,252	0	0	0
<i>Total Governmental Activities</i>	<u>5,028,290</u>	<u>428,362</u>	<u>556,229</u>	<u>137,737</u>
<b>Business-Type Activities</b>				
Sewer	1,465,335	1,377,197	49,500	0
Water	1,526,858	1,468,161	0	0
<i>Total Business-Type Activities</i>	<u>2,992,193</u>	<u>2,845,358</u>	<u>49,500</u>	<u>0</u>
<i>Totals</i>	<u>\$8,020,483</u>	<u>\$3,273,720</u>	<u>\$605,729</u>	<u>\$137,737</u>

**General Revenues**

Property and Other Local Taxes Levied for:

    General Purposes

    Police

    Fire

Income Taxes Levied for:

    General Purposes

    Capital Improvements

Grants and Entitlements not Restricted to Specific Programs

Gain on Sale of Capital Assets

Interest

Other

*Total General Revenues*

*Change in Net Position*

*Net Position at Beginning of Year*

*Net Position at End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$601,707)	\$0	(\$601,707)
(1,822,178)	0	(1,822,178)
(850,662)	0	(850,662)
(162,328)	0	(162,328)
(287,139)	0	(287,139)
(26,652)	0	(26,652)
(134,413)	0	(134,413)
(2,631)	0	(2,631)
(18,252)	0	(18,252)
<u>(3,905,962)</u>	<u>0</u>	<u>(3,905,962)</u>
0	(38,638)	(38,638)
0	(58,697)	(58,697)
<u>0</u>	<u>(97,335)</u>	<u>(97,335)</u>
<u>(3,905,962)</u>	<u>(97,335)</u>	<u>(4,003,297)</u>
212,489	0	212,489
30,952	0	30,952
275,143	0	275,143
2,457,006	0	2,457,006
273,000	0	273,000
264,931	0	264,931
575	0	575
7,487	0	7,487
15,420	9,810	25,230
<u>3,537,003</u>	<u>9,810</u>	<u>3,546,813</u>
(368,959)	(87,525)	(456,484)
<u>9,386,804</u>	<u>12,778,855</u>	<u>22,165,659</u>
<u>\$9,017,845</u>	<u>\$12,691,330</u>	<u>\$21,709,175</u>

**City of Logan, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2014*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and			
Cash Equivalents	\$379,992	\$395,798	\$775,790
Investments in Segregated Accounts	0	137,380	137,380
Receivables:			
Accrued Interest	2,406	764	3,170
Intergovernmental	152,395	459,453	611,848
Accounts	9,693	0	9,693
Permissive MVL Taxes	0	2,422	2,422
Income Taxes	564,259	62,695	626,954
Property and Other Local Taxes	176,653	266,587	443,240
Loans	0	372,850	372,850
<i>Total Assets</i>	<u>\$1,285,398</u>	<u>\$1,697,949</u>	<u>\$2,983,347</u>
<b>Liabilities</b>			
Accounts Payable	\$36,624	\$14,149	\$50,773
Accrued Wages Payable	71,704	7,890	79,594
Intergovernmental Payable	92,853	7,287	100,140
<i>Total Liabilities</i>	<u>201,181</u>	<u>29,326</u>	<u>230,507</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	165,339	253,774	419,113
Unavailable Revenue	493,533	477,233	970,766
<i>Total Deferred Inflows of Resources</i>	<u>658,872</u>	<u>731,007</u>	<u>1,389,879</u>
<b>Fund Balances</b>			
Nonspendable	0	442,799	442,799
Restricted	0	468,895	468,895
Committed	0	25,922	25,922
Assigned	222,205	0	222,205
Unassigned	203,140	0	203,140
<i>Total Fund Balances</i>	<u>425,345</u>	<u>937,616</u>	<u>1,362,961</u>
<i>Total Liabilities , Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,285,398</u>	<u>\$1,697,949</u>	<u>\$2,983,347</u>

See accompanying notes to the basic financial statements

**City of Logan, Ohio**  
*Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
December 31, 2014*

<b>Total Governmental Fund Balances</b>		<b>\$1,362,961</b>
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,709,643
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	21,193	
Income Taxes	382,828	
Charges for Services	7,366	
Intergovernmental Revenues	559,379	970,766
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Leases Payable	(492,284)	
General Obligation Bonds Payable	(38,472)	
Energy Conservation Bonds Payable	(149,274)	
Accrued Interest Payable	(4,152)	
Compensated Absences Payable	(341,343)	(1,025,525)
<i>Net Position of Governmental Activities</i>		<b>\$9,017,845</b>

See accompanying notes to the basic financial statements

**City of Logan, Ohio**  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2014*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property and Other Local Taxes	\$213,757	\$308,394	\$522,151
Income Taxes	2,409,322	267,703	2,677,025
Permissive MVL Taxes	0	34,248	34,248
Intergovernmental	354,190	588,935	943,125
Charges for Services	225,426	143,903	369,329
Fines, Licenses, and Permits	41,151	873	42,024
Interest	7,487	1,080	8,567
Donations	100	120,422	120,522
Other	10,700	4,720	15,420
<i>Total Revenues</i>	<u>3,262,133</u>	<u>1,470,278</u>	<u>4,732,411</u>
<b>Expenditures</b>			
Current:			
General Government	522,423	0	522,423
Security of Persons and Property:			
Police	1,858,783	52,323	1,911,106
Fire	631,162	247,028	878,190
Transportation	200,643	277,915	478,558
Public Health Services	384,637	147	384,784
Leisure Time Activities	0	118,939	118,939
Community Environment	12,165	122,267	134,432
Basic Utility Services	2,631	0	2,631
Capital Outlay	0	429,063	429,063
Debt Service:			
Principal Retirement	23,527	106,396	129,923
Interest and Fiscal Charges	7,305	10,736	18,041
<i>Total Expenditures</i>	<u>3,643,276</u>	<u>1,364,814</u>	<u>5,008,090</u>
<i>Excess of Revenues Over(Under) Expenditures</i>	<u>(381,143)</u>	<u>105,464</u>	<u>(275,679)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Capital Assets	0	575	575
Transfers In	0	775	775
Transfers Out	(775)	0	(775)
<i>Total Other Financing Sources (Uses)</i>	<u>(775)</u>	<u>1,350</u>	<u>575</u>
<i>Net Change in Fund Balance</i>	(381,918)	106,814	(275,104)
<i>Fund Balances at Beginning of Year</i>	<u>807,263</u>	<u>830,802</u>	<u>1,638,065</u>
<i>Fund Balances at End of Year</i>	<u>\$425,345</u>	<u>\$937,616</u>	<u>\$1,362,961</u>

See accompanying notes to the basic financial statements

**City of Logan, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2014*

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**Net Change in Fund Balances - Total Governmental Funds** (\$275,104)

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

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

Capital Assets Additions	338,230	
Depreciation Expense	<u>(477,434)</u>	(139,204)

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

Delinquent Property Taxes	(4,723)	
Income Taxes	52,981	
Charges for Services	(8,694)	
Intergovernmental	<u>(113,219)</u>	(73,655)

Repayments of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 129,923

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, interest is expended when due. (211)

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

Compensated Absences	<u>(10,708)</u>	
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*Change in Net Position of Governmental Activities* (\$368,959)

See accompanying notes to the basic financial statements

**City of Logan, Ohio**  
*Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2014*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property and Other Local Taxes	\$209,575	\$209,575	\$213,367	\$3,792
Income Taxes	2,420,000	2,420,000	2,494,324	74,324
Intergovernmental	368,975	368,975	379,450	10,475
Charges for Services	184,380	184,380	225,765	41,385
Fines, Licenses, and Permits	39,815	39,815	42,882	3,067
Interest	3,400	3,400	7,342	3,942
Donations	100	100	100	0
Other	8,250	8,250	10,469	2,219
<i>Total Revenues</i>	<u>3,234,495</u>	<u>3,234,495</u>	<u>3,373,699</u>	<u>139,204</u>
<b>Expenditures</b>				
Current:				
General Government	525,595	548,746	530,428	18,318
Security of Persons and Property:				
Police	2,030,244	2,001,998	1,934,207	67,791
Fire	626,406	637,906	633,001	4,905
Transportation	239,679	255,699	230,012	25,687
Public Health Services	368,510	389,468	385,227	4,241
Community Environment	4,430	12,948	12,238	710
Basic Utilities	2,243	2,631	2,631	0
Debt Service:				
Principal Retirement	23,528	23,528	23,527	1
Interest and Fiscal Charges	7,305	7,305	7,305	0
<i>Total Expenditures</i>	<u>3,827,940</u>	<u>3,880,229</u>	<u>3,758,576</u>	<u>121,653</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(593,445)</u>	<u>(645,734)</u>	<u>(384,877)</u>	<u>260,857</u>
<b>Other Financing Sources (Uses)</b>				
Advance In	0	15,000	15,000	0
Advance Out	0	(15,000)	(15,000)	0
Transfers Out	0	(775)	(775)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(775)</u>	<u>(775)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(593,445)</u>	<u>(646,509)</u>	<u>(385,652)</u>	<u>260,857</u>
<i>Fund Balance at Beginning of Year</i>	526,377	526,377	526,377	0
Prior Year Encumbrances Appropriated	146,655	146,655	146,655	0
<i>Fund Balance at End of Year</i>	<u>\$79,587</u>	<u>\$26,523</u>	<u>\$287,380</u>	<u>\$260,857</u>

See accompanying notes to the basic financial statements

**City of Logan, Ohio**  
*Statement of Fund Net Position*  
*Enterprise Funds*  
*December 31, 2014*

	Water	Sewer	Total Enterprise Funds
<b>Assets</b>			
Current:			
Equity in Pooled Cash and Cash Equivalents	\$470,667	\$1,210,982	\$1,681,649
Accounts Receivable	223,300	228,458	451,758
<i>Total Current Assets</i>	<u>693,967</u>	<u>1,439,440</u>	<u>2,133,407</u>
Noncurrent:			
Nondepreciable Capital Assets	84,000	363,662	447,662
Depreciable Capital Assets, Net	3,286,947	16,391,211	19,678,158
<i>Total Noncurrent Assets</i>	<u>3,370,947</u>	<u>16,754,873</u>	<u>20,125,820</u>
<i>Total Assets</i>	<u>4,064,914</u>	<u>18,194,313</u>	<u>22,259,227</u>
<b>Liabilities</b>			
Current:			
Accounts Payable	42,564	16,250	58,814
Contracts Payable	0	13,619	13,619
Accrued Wages Payable	16,420	14,345	30,765
Accrued Interest Payable	243	0	243
Intergovernmental Payable	16,009	14,385	30,394
General Obligation Bonds Payable	12,304	0	12,304
OWDA Loans Payable	0	211,744	211,744
Compensated Absences Payable	19,602	20,426	40,028
<i>Total Current Liabilities</i>	<u>107,142</u>	<u>290,769</u>	<u>397,911</u>
Long-Term:			
General Obligation Bonds Payable	62,456	0	62,456
OWDA Loans Payable	0	9,011,348	9,011,348
OPWC Loans Payable	0	4,609	4,609
Compensated Absences Payable	34,140	57,433	91,573
<i>Total Long-Term Liabilities</i>	<u>96,596</u>	<u>9,073,390</u>	<u>9,169,986</u>
<i>Total Liabilities</i>	<u>203,738</u>	<u>9,364,159</u>	<u>9,567,897</u>
<b>Net Position</b>			
Net Investment in Capital Assets	3,296,187	7,513,553	10,809,740
Unrestricted	564,989	1,316,601	1,881,590
<i>Total Net Position</i>	<u>\$3,861,176</u>	<u>\$8,830,154</u>	<u>\$12,691,330</u>

See accompanying notes to the basic financial statements

**City of Logan, Ohio**  
*Statement of Revenues, Expenses,  
and Changes in Fund Net Position*  
**Enterprise Funds**  
For the Year December 31, 2014

	Water	Sewer	Total Enterprise Funds
<b>Operating Revenues</b>			
Charges for Services	\$1,468,161	\$1,377,197	\$2,845,358
Other Operating Revenues	5,732	4,078	9,810
<i>Total Operating Revenues</i>	<u>1,473,893</u>	<u>1,381,275</u>	<u>2,855,168</u>
<b>Operating Expenses</b>			
Salaries and Wages	502,501	425,344	927,845
Fringe Benefits	290,279	221,355	511,634
Contractual Services	377,608	257,355	634,963
Materials and Supplies	211,051	101,075	312,126
Depreciation	141,732	236,885	378,617
Other Operating Expenses	66	0	66
<i>Total Operating Expenses</i>	<u>1,523,237</u>	<u>1,242,014</u>	<u>2,765,251</u>
<i>Operating Income (Loss)</i>	(49,344)	139,261	89,917
<b>Non-Operating (Expenses)</b>			
Interest and Fiscal Charges	(3,621)	(223,321)	(226,942)
<i>Income (Loss) Before Contributions</i>	(52,965)	(84,060)	(137,025)
Capital Contributions	0	49,500	49,500
<i>Change in Net Position</i>	(52,965)	(34,560)	(87,525)
<i>Net Position at Beginning of Year</i>	<u>3,914,141</u>	<u>8,864,714</u>	<u>12,778,855</u>
<i>Net Position at End of Year</i>	<u><u>\$3,861,176</u></u>	<u><u>\$8,830,154</u></u>	<u><u>\$12,691,330</u></u>

See accompanying notes to the basic financial statements

**City of Logan, Ohio**  
**Statement of Cash Flows**  
**Enterprise Funds**  
**For the Year Ended December 31, 2014**

	Water	Sewer	Total Enterprise Funds
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$1,475,138	\$1,458,415	\$2,933,553
Cash Payments for Employee Services and Benefits	(811,532)	(643,186)	(1,454,718)
Cash Payments to Suppliers for Goods and Services	(565,539)	(361,614)	(927,153)
Other Operating Revenues	5,856	4,218	10,074
Other Operating Expenses	(66)	0	(66)
<i>Net Cash Provided by Operating Activities</i>	<u>103,857</u>	<u>457,833</u>	<u>561,690</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of Capital Assets	(24,203)	(276,961)	(301,164)
Proceeds of Loans	0	285,929	285,929
Principal Paid on Debt	(11,783)	(208,910)	(220,693)
Interest Paid on Debt	(3,659)	(223,321)	(226,980)
Capital Contributions	0	49,500	49,500
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(39,645)</u>	<u>(373,763)</u>	<u>(413,408)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	64,212	84,070	148,282
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>406,455</u>	<u>1,126,912</u>	<u>1,533,367</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$470,667</u></u>	<u><u>\$1,210,982</u></u>	<u><u>\$1,681,649</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>			
<i>Operating Income (Loss)</i>	(\$49,344)	\$139,261	\$89,917
<i>Adjustments:</i>			
Depreciation	141,732	236,885	378,617
<i>(Increase) Decrease in Assets:</i>			
Accounts Receivable	7,101	80,951	88,052
Intergovernmental Receivable	0	407	407
<i>Increase (Decrease) in Liabilities:</i>			
Accounts Payable	23,120	(3,184)	19,936
Accrued Wages Payable	1,082	5,469	6,551
Intergovernmental Payable	741	515	1,256
Compensated Absences Payable	(20,575)	(2,471)	(23,046)
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$103,857</u></u>	<u><u>\$457,833</u></u>	<u><u>\$561,690</u></u>

See accompanying notes to the basic financial statements

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

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

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

***Reporting Entity***

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

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

The City participates in four jointly governed organizations. These organizations are presented in Note 10 to the Basic Financial Statements. The organizations are:

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

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

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

***A. Basis of Presentation***

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

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

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

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

**B. Fund Accounting**

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

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

**General Fund** The General Fund accounts for and reports all financial resources not accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

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

**Fiduciary Funds** Fiduciary fund reporting focuses on net position and changes in net position. There are four categories of fiduciary funds: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operations. The City has no fiduciary funds.

### **C. Measurement Focus**

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

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

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

### **D. Basis of Accounting**

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

**Revenues – Exchange and Non-Exchange Transactions** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one days of year end.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
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Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position report will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows or resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2014, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, charges for services, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

***E. Budgetary Process***

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

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

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

***F. Cash and Cash Equivalents***

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool, except for the Cemetery Trust Endowment Permanent Fund which is invested separately. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During 2014, investments were limited to STAR Ohio and certificates of deposit. Certificates of deposit are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold for on December 31, 2014.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest is credited to the General Fund, the Capital Improvements Capital Projects Fund, and the Cemetery Special Revenue Fund. Interest revenue credited to the General Fund during 2014 amounted to \$7,487, which includes \$6,326 assigned from other City funds.

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

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

***G. Loans Receivable***

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

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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**H. Capital Assets**

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

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

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

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

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

**I. Compensated Absences**

The City accrues vacation benefits as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees who have worked beyond their one year probationary period.

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

**J. Contributions of Capital**

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

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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**K. Fund Balance**

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

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

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

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

***Unassigned*** Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

**L. Internal Activity**

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

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

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

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

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

***N. Estimates***

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

***O. Net Position***

Net position represents the difference of all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

***P. Operating Revenues and Expenses***

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

***Q. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of City Council and that are either unusual in nature or infrequent in occurrence. No extraordinary transactions or special items occurred during 2014.

**Note 3 – Fund Balances**

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

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

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
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Fund Balances	General	Other Governmental	Total
Nonspendable:			
Loans	\$0	\$305,419	\$305,419
Endowments	0	137,380	137,380
<i>Total Nonspendable</i>	<u>0</u>	<u>442,799</u>	<u>442,799</u>
Restricted for:			
Street Improvements	0	129,983	129,983
Law Enforcement	0	2,620	2,620
Fire Protection	0	32,028	32,028
Parks and Recreation	0	621	621
Community Development	0	94,399	94,399
Cemeteries	0	35,027	35,027
Capital Improvements	0	174,217	174,217
<i>Total Restricted</i>	<u>0</u>	<u>468,895</u>	<u>468,895</u>
Committed for:			
Fire Equipment	0	6,935	6,935
Parks and Recreation	0	18,987	18,987
<i>Total Committed</i>	<u>0</u>	<u>25,922</u>	<u>25,922</u>
Assigned to:			
2015 Appropriations	80,337	0	80,337
Other Purposes	141,868	0	141,868
<i>Total Assigned</i>	<u>222,205</u>	<u>0</u>	<u>222,205</u>
Unassigned:	<u>203,140</u>	<u>0</u>	<u>203,140</u>
<i>Total Fund Balances</i>	<u>\$425,345</u>	<u>\$937,616</u>	<u>\$1,362,961</u>

**Note 4 – Budgetary Basis of Accounting**

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP Basis), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budget Basis) presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than restricted, committed, or assigned fund balance (GAAP).
4. Unrecorded items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
5. Advances in and advances out are operating transactions to reconcile (budget) as opposed to balance sheet transactions (GAAP).

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
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The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

Net Change in Fund Balance	
	General
GAAP Basis	(\$381,918)
Revenue Accruals	111,573
Expenditure Accruals	(22,695)
Unreported Items:	
End of Year	(7)
Advances In	15,000
Advances Out	(15,000)
Encumbrances	(92,605)
Budget Basis	(\$385,652)

**Note 5 – Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
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5. Bonds and other obligations of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

**Cash on Hand** At year end, the City had \$6,513 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

**Deposits** Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the carrying amount of the City's deposits was \$2,462,482 and the bank balance was \$2,522,323. Of the bank balance, \$750,007 was covered by Federal depository insurance and \$1,772,316 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

**Investments** As of December 31, 2014, the City's investment in STAR Ohio had an average maturity of 50.1 days and a fair value of \$125,824. The City has no investment policy beyond State statute that requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity.

**Credit Risk** STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard setting service. The City has no investment policy that would further limit its investment choices other than what has been approved by State statute.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 6 – Receivables**

Receivables at December 31, 2014, consisted of municipal income taxes, property and other local taxes, accounts (billings for user fees including unbilled utility services), permissive motor vehicle license taxes, loans, intergovernmental receivables arising from entitlements and shared revenues, and accrued interest on investments. Loans receivable of \$3,360 and \$369,490 are reported in the Economic Development and Community Development Block Grant Special Revenue Funds, respectively, and represent low interest loans for development projects granted to eligible businesses and homeowners under the Federal Economic Development Assistance and the Community Development Block Grant Programs. The amount not scheduled for collection during the subsequent year is \$305,419. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

**A. Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2014 for real and public utility property taxes represents collections of 2013 taxes.

2014 real property taxes are levied after October 1, 2014, on the assessed value as of January 1, 2014, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2014 real property taxes are collected in and intended to finance 2015.

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

Public utility property tax revenue received in calendar year 2014 represent the collection of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien on December 31, 2013, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The full tax rate for all City operations for the year ended December 31, 2014, was \$4.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2014 property tax receipts were based are as follows:

Real Property	\$103,093,830
Public Utility Real Property	<u>4,506,900</u>
Total Assessed Value	<u><u>\$107,600,730</u></u>

Hocking County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Logan. The County Auditor periodically remits to the City its portion of the taxes collected.

Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which are measurable as of December 31, 2014, and for which there is an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance current year operations is offset to deferred inflows of resources – property taxes. On the accrual basis, delinquent collectible property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

**City of Logan, Ohio**  
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**B. Income Taxes**

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

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

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

**C. Intergovernmental Receivable**

A summary of intergovernmental receivables follows:

<b>Governmental Activities:</b>	
Local Government	\$112,149
Kilowatt Per Hour	146
Homestead and Rollback	29,185
Gasoline Tax	123,243
Motor Vehicle License Tax	25,693
State Electric Light	624
School Resource Officer Grant	26,158
Community Development Block Grants	292,650
Miscellaneous	2,000
<b>Total Intergovernmental Receivables</b>	<b>\$611,848</b>

**Note 7 – Contractual Commitments**

As of December 31, 2014, the City had contractual commitments as follows:

Vendor	Fund	Contract Amount	Amount Expended	Balance at 12/31/2014
<b><u>Water Treatment Plant Upgrade</u></b>				
Stantec	Water	\$20,000	\$16,091	\$3,909
<b><u>Sanitary Sewer Rehab Phase 1</u></b>				
Stantec	Sewer	49,000	21,232	27,768
<b><u>Sanitary Sewer Evaluation Study</u></b>				
Stantec	Sewer	236,995	227,791	9,204
Totals		<b>\$305,995</b>	<b>\$265,114</b>	<b>\$40,881</b>

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

**Note 8 – Risk Management**

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

<u>Property and Liability</u>	<u>Deductible</u>	<u>Limits of Coverage</u>
Buildings and Contents	\$1,000	\$33,124,700
Boiler and Machinery		4,000,000
Employee Dishonesty		250,000
Crime Insurance		10,000
Employee Benefits Liability		1,000,000
Employer's Liability Stop-Gap		1,000,000
Law Enforcement Liability	7,500	1,000,000
Public Officials Liability		1,000,000
Umbrella Coverage		1,000,000
Vehicles:		
Automobile Liability		1,000,000
Uninsured Motorist		1,000,000
General Liability Per Occurrence		1,000,000
General Liability Aggregate Limit		2,000,000
Garage Keeper		50,000

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

**Note 9 – Interfund Balances and Transfers**

The General Fund made an advance to the Fire Equipment Capital Project Fund in the amount of \$15,000. This amount was repaid during 2014.

The General Fund made a \$775 transfer to the Recreation Special Revenue Fund. This transfer was used to move unrestricted revenue collected in the General Fund to finance this program accounted for in the other fund in accordance with budgetary authorizations. The transfer was made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**Note 10 – 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.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

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

***C. Hocking County Regional Planning Commission***

The City participates in the Hocking County Regional Planning Commission, which is a statutorily created political subdivision of the State. The Commission is governed by a nine member board composed of the Mayor of the City of Logan, the three Hocking County Commissioners, the County Engineer, the County Sanitarian, and three individuals from the public sector. Each member's control over the operation of the Commission is limited to its representation of the board. The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of Hocking County. In 2014, the City did not contribute any money to the Commission. Continued existence is not dependent on the City's continued participation, no equity interest exists, and no debt is outstanding.

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

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

The District administers County Community Development Block Grant and Issue II monies. The continued existence of the District is not dependent on the City's continued participation and no equity interest exists. In 2014 the City paid a \$122 administrative fee to the District.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

**Note 11 – Capital Assets**

Capital asset activity for the year ended December 31, 2014, was as follows:

	Balance at 12/31/13	Additions	Deductions	Balance at 12/31/14
<b>Governmental Activities:</b>				
Capital Assets not being Depreciated:				
Land	\$1,016,036	\$3,214	\$0	\$1,019,250
Depreciable Capital Assets:				
Land Improvements	4,213,723	0	0	4,213,723
Buildings and Improvements	1,833,221	9,991	0	1,843,212
Furniture, Fixtures, and Equipment	2,385,016	124,124	0	2,509,140
Vehicles	3,181,068	34,594	(43,654)	3,172,008
City Streets	7,741,685	166,307	0	7,907,992
Street Signals	895,038	0	0	895,038
Total Depreciable Capital Assets	<u>20,249,751</u>	<u>335,016</u>	<u>(43,654)</u>	<u>20,541,113</u>
Less Accumulated Depreciation:				
Land Improvements	(2,141,383)	(74,288)	0	(2,215,671)
Buildings and Improvements	(928,112)	(38,710)	0	(966,822)
Furniture, Fixtures, and Equipment	(1,774,153)	(101,311)	0	(1,875,464)
Vehicles	(1,601,028)	(156,743)	43,654	(1,714,117)
City Streets	(6,181,799)	(101,028)	0	(6,282,827)
Street Signals	(790,465)	(5,354)	0	(795,819)
Total Accumulated Depreciation	<u>(13,416,940)</u>	<u>(477,434) *</u>	<u>43,654</u>	<u>(13,850,720)</u>
Total Capital Assets being Depreciated, Net	<u>6,832,811</u>	<u>(142,418)</u>	<u>0</u>	<u>6,690,393</u>
Governmental Activities Capital Assets, Net	<u>\$7,848,847</u>	<u>(\$139,204)</u>	<u>\$0</u>	<u>\$7,709,643</u>

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

General Government	\$61,667
Security of Persons and Property:	
Police	71,944
Fire	124,690
Transportation	170,663
Public Health Services	19,370
Leisure Time Activities	29,100
Total Depreciation Expense	<u>\$477,434</u>

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

	Balance at 12/31/13	Additions	Deductions	Balance at 12/31/14
<b>Business-Type Activities:</b>				
Capital Assets not being Depreciated:				
Land	\$216,600	\$0	\$0	\$216,600
Construction in Progress	9,876,530	105,366	(9,750,834)	231,062
<b>Total Capital Assets not being Depreciated</b>	<b>10,093,130</b>	<b>105,366</b>	<b>(9,750,834)</b>	<b>447,662</b>
Depreciable Capital Assets:				
Land Improvements	63,268	0	0	63,268
Furniture, Fixtures, and Equipment	1,219,562	10,045	0	1,229,607
Vehicles	239,312	14,715	0	254,027
Infrastructure	17,532,519	9,750,834	0	27,283,353
<b>Total Capital Assets being Depreciated</b>	<b>19,054,661</b>	<b>9,775,594</b>	<b>0</b>	<b>28,830,255</b>
Less Accumulated Depreciation:				
Land Improvements	(61,238)	(140)	0	(61,378)
Furniture, Fixtures, and Equipment	(799,457)	(58,906)	0	(858,363)
Vehicles	(216,812)	(6,472)	0	(223,284)
Infrastructure	(7,695,973)	(313,099)	0	(8,009,072)
<b>Total Accumulated Depreciation</b>	<b>(8,773,480)</b>	<b>(378,617)</b>	<b>0</b>	<b>(9,152,097)</b>
<b>Total Capital Assets being Depreciated, Net</b>	<b>10,281,181</b>	<b>9,396,977</b>	<b>0</b>	<b>19,678,158</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$20,374,311</b>	<b>\$9,502,343</b>	<b>(\$9,750,834)</b>	<b>\$20,125,820</b>

**Note 12 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2014, members in state and local classifications contributed 10 percent of covered payroll. For 2014, member and employer contribution rates were consistent across all three plans.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
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The City's 2014 contribution rate was 14 percent. The portion of the City's contribution used to fund pension benefits is net of postemployment health care benefits. The portion of the City's contribution allocated to health care for members in both the traditional and combined plans was 2 percent for 2014. Effective January 1, 2015, the portion of the employer contribution allocated to health care remained at 2 percent. Employer contribution rates are actuarially determined.

The City's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2014, 2013, and 2012, was \$190,654, \$242,928, and \$180,171, respectively. For 2014, 89.46 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012. Contributions to the member-directed plan for 2014 were \$11,629 made by the City and \$8,307 made by plan members.

***B. Ohio Police and Fire Pension Fund***

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

Funding Policy - Employer and employee contribution rates are set by the Ohio Revised Code. From January 1, 2014, through July 1, 2014, plan members were required to contribute 10.75 percent of their annual covered salary. From July 2, 2014, through December 31, 2014, plan members were required to contribute 11.5 percent of their annual covered salary. Throughout 2014, employers were required to contribute 19.5 percent for police officers and 24 percent for firefighters.

The OPF pension fund is authorized by the Ohio Revised Code to allocate a portion of the employer contribution to retiree health care benefits. For 2014, the portion of the City's contribution used to fund pension benefits was 19 percent of covered payroll for police officers and 23.5 percent of covered payroll for firefighters. The City's contribution to OPF for police and firefighters pension was \$165,313 and \$121,078 for the year ended December 31, 2014, \$122,519 and \$96,159 for the year ended December 31, 2013, and \$97,972 and \$79,459 for the year ended December 31, 2012. For 2014, 88.8 percent has been contributed for both police and firefighters with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012.

**NOTE 13 – POSTEMPLOYMENT BENEFITS**

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

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

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

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed 14 percent of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code.

Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of the employer contribution allocated to health care for members in both the traditional and combined plans was 2 percent for 2014. Effective January 1, 2015, the portion of the employer contribution allocated to health care remained at 2 percent for both plans as recommended by the OPERS actuary.

The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan.

The City's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2014, 2013, and 2012 was \$31,776, \$18,299, and \$72,069, respectively. For 2014, 89.46 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 9, 2012, with a transition plan commencing on January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contribution toward the health care fund after the end of the transition period.

### ***B. Police and Fire Pension Fund***

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

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

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
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OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required by the Ohio Revised Code to contribute to the pension plan at rates expressed as a percentage of payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and firefighters, respectively. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contribution made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2014, the employer contribution allocated to the health care plan was .5 percent of covered payroll. The amount of employer contribution allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contribution to OPF which was allocated to fund postemployment health care benefits for police and firefighters was \$4,350 and \$2,576 for the year ended December 31, 2014, \$20,972 and \$12,958 for the year ended December 31, 2013, and \$51,868 and \$31,093 for the year ended December 31, 2012. For 2014, 88.8 percent has been contributed for both police and firefighters with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012.

## **Note 14 – Employee Benefits**

### **A. Insurance**

In 2014, the City contracted with United Healthcare to provide all employees with \$25,000 each in life and accidental death and dismemberment insurance.

The City provides comprehensive major medical insurance through United Healthcare. The City had no employees participating in the single coverage lower deductible and co-pay plan during 2014. Monthly premiums for family lower deductible and co-pay was \$2,028.80. The City pays \$1,764.06 of the premiums for employees participating in the family lower deductible and co-pay plans with the remainder being paid by the employees. Monthly premiums for the higher deductible and co-pay plan are \$657.47 for single coverage and \$1,709.42 for family coverage. The City pays \$631.47 of the premiums for single higher deductible and co-pay plans and the City's employees pay the remaining balances. The City pays \$1,608.42 of the premiums for employees participating in the family higher deductible and co-pay plans with the remainder being paid by the employees.

### **B. Compensated Absences**

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

**City of Logan, Ohio**  
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**Note 15 – Capital Leases – Lessee Disclosure**

In previous years, the City had entered into capitalized lease agreements for fire rescue equipment and a fire truck. The leases meet the criteria of a capital lease which is defined as a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the fund financial statements. Principal payments made in 2014 totaled \$87,281 in the governmental funds. The capital leases payable have been recorded on the government-wide statements. The agreement provides for minimum annual lease payments as follows:

Fiscal Year	Amount
2015	\$96,135
2016	96,135
2017	96,135
2018	96,135
2019	87,734
2020	43,867
Total Minimum Lease Payments	516,141
Less: Amount Representing Interest	(23,857)
Present Value of Net Minimum Lease Payments	\$492,284

The equipment has been capitalized in the amount of \$677,351, the present value of the minimum lease payments at the inception of the lease. The accumulated depreciation as of December 31, 2014, was \$108,790, leaving a remaining book value of \$568,561.

**Note 16 – Contingent Liabilities**

**A. Grants**

The City received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2014.

**B. Litigation**

As of December 31, 2014, the City is a party in two lawsuits, but the City has determined that any potential liability will not have a material effect on the financial statements.

**City of Logan, Ohio**  
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**Note 17 – Long-Term Obligations**

A schedule of changes in long-term obligations of the City during 2014 follows:

	Principal Outstanding 12/31/13	Additions	Deductions	Principal Outstanding 12/31/14	Amounts Due in One Year
<b>Governmental Activities:</b>					
2010 Energy Conservation General					
Obligation Bonds - 4.375%	\$172,801	\$0	\$23,527	\$149,274	\$24,567
2011 General Obligation Bonds - 3.289%	57,587	0	19,115	38,472	19,745
Capital Leases	579,565	0	87,281	492,284	88,635
Compensated Absences	330,635	42,666	31,958	341,343	127,794
<b>Total Governmental Activities</b>	<b>\$1,140,588</b>	<b>\$42,666</b>	<b>\$161,881</b>	<b>\$1,021,373</b>	<b>\$260,741</b>
<b>Business-Type Activities:</b>					
2010 Energy Conservation General					
Obligation Bonds - 4.375%	\$86,543	\$0	\$11,783	\$74,760	\$12,304
2011 OWDA Sewer Plant Improvements					
Loan - 4.95%	8,944,819	199,654	201,410	8,943,063	211,744
2013 OWDA Sanitary Sewer Evaluation					
Loan - 3.84%	205,863	81,666	7,500	280,029	0
2014 OPWC Sanitary Sewer Evaluation					
Survey Loan - 0%	0	4,609	0	4,609	0
Compensated Absences	145,725	10,465	24,589	131,601	40,028
<b>Total Business-Type Activities</b>	<b>\$9,382,950</b>	<b>\$296,394</b>	<b>\$245,282</b>	<b>\$9,434,062</b>	<b>\$264,076</b>

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

Principal and interest requirements to retire the General Fund's portion of the energy conservation general obligation bonds outstanding at December 31, 2014, are as follows:

Year Ended December 31,	Principal	Interest	Total
2015	\$24,567	\$6,265	\$30,832
2016	25,796	5,207	31,003
2017	26,789	4,044	30,833
2018	27,973	2,859	30,832
2019	29,211	1,622	30,833
2020	14,938	330	15,268
	<b>\$149,274</b>	<b>\$20,327</b>	<b>\$169,601</b>

**City of Logan, Ohio**  
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Principal and interest requirements to retire the Water Enterprise Fund's portion of the energy conservation general obligation bonds outstanding at December 31, 2014, are as follows:

Year Ended December 31,	Principal	Interest	Total
2015	\$12,304	\$3,138	\$15,442
2016	12,706	2,565	15,271
2017	13,416	2,025	15,441
2018	14,010	1,432	15,442
2019	14,629	812	15,441
2020	7,695	165	7,860
	<u>\$74,760</u>	<u>\$10,137</u>	<u>\$84,897</u>

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

Principal and interest requirements to retire the general obligation bonds outstanding at December 31, 2014, are as follows:

Year Ended December 31,	Principal	Interest	Total
2015	\$19,745	\$1,296	\$21,041
2016	18,727	976	19,703
	<u>\$38,472</u>	<u>\$2,272</u>	<u>\$40,744</u>

The 2011 OWDA Sewer Improvements Plant Loan, authorized in the amount of \$9,348,873, is being used to finance sewer line extension and improvements. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and will repay the debt. Principal and interest payments are due in January and July of each year through 2042.

Principal and interest requirements to retire the Sewer Improvements Plant Loan outstanding at December 31, 2014, are as follows:

Year Ended December 31,	Principal	Interest	Total
2015	\$211,744	\$255,157	\$466,901
2016	217,865	249,037	466,902
2017	224,163	242,739	466,902
2018	230,642	236,260	466,902
2019	237,309	229,593	466,902
2020 - 2024	1,293,493	1,041,016	2,334,509
2025 - 2029	1,491,566	842,943	2,334,509
2030 - 2034	1,719,970	614,540	2,334,510
2035 - 2039	1,983,349	351,160	2,334,509
2040 - 2042	1,332,962	67,743	1,400,705
	<u>\$8,943,063</u>	<u>\$4,130,188</u>	<u>\$13,073,251</u>

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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The 2013 OWDA Sanitary Sewer Evaluation Loan, authorized in the amount of \$300,000, is being used to finance a sanitation sewer study. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and will repay the debt. The loan has not been fully drawn down and no amortization schedule has been established.

The City has pledged future sewer customer revenues to repay the OWDA loans. The loans are payable solely from net revenues. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. The total principal and interest remaining to be paid on the loans are unknown at this time since the Sewer Improvement Plant loan and Sanitary Sewer Evaluation loans are not fully drawn out. Principal and interest payments for the current year were \$432,231, net revenues were \$425,646, and total revenues were \$1,430,775.

In July 2014, the City entered into an OPWC Sanitary Sewer Evaluation Loan in the amount of \$500,000. As of December 31, 2014, the City had drawn down \$4,609. No amortization schedule is currently available.

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

The City's overall legal debt margin was \$11,259,605 at December 31, 2014.

**Note 18 – Significant Commitments**

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

General Fund	\$92,605
Capital Improvements	20,889
Nonmajor Governmental Funds	2,000
Water Fund	39,831
Sewer Fund	61,192
Total	<u>\$216,517</u>

**Note 19 – Accountability and Compliance**

**Change in Accounting Principles**

For 2014, the City has implemented GASB Statement No. 69, "Government Combinations and Disposals of Government Operations" and GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the City.

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the City.

**City of Logan, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

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

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Hocking County, Ohio as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Logan's basic financial statements and have issued our report thereon dated June 17, 2015.

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City of Logan's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Members of Council and Mayor  
City of Logan

***Compliance and Other Matters***

As part of reasonably assuring whether the City of Logan's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

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

Julian & Grube, Inc.  
June 17, 2015



# Dave Yost • Auditor of State

**CITY OF LOGAN**

**HOCKING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 27, 2015**