



CITY OF LOGAN, OHIO

Hocking County

Regular Audit

For the Year Ended December 31, 2007

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Logan, Hocking County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 11, 2008

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Ohio (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Ohio as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparisons for the General Fund, Street Construction and Maintenance Fund and Fire Levy Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2008 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

Members of Council
City of Logan, Ohio
Independent Auditor's Report

The management's discussion and analysis on pages 4 through 10, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG & ASSOCIATES, INC.

June 19, 2008

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

The discussion and analysis of the City of Logan's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2007. 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 2007 are as follows:

- In total, net assets increased \$608,988. Net assets of governmental activities increased \$121,794 or 1.5 percent from 2006. Net assets of business-type activities increased \$487,194, which represents a 5.2 percent increase from 2006.
- In total, cash and cash equivalents increased \$679,215 or 33.45 percent. Total cash and cash equivalents of governmental activities increased \$402,864 or 32.1 percent, similarly cash and cash equivalents in our business-type activities increased \$276,351 or 35.63 percent.
- Overall, capital assets decreased \$215,483. Total capital assets of governmental activities decreased \$270,975 or 4.1 percent. Capital assets of business-type activities increased \$55,492 or 0.48 percent. The decrease in capital assets in governmental activities is entirely attributable to depreciation expenses exceeding current year additions. The increase in business-type activities is due to the continued improvements to and expansion of our utility lines and the State Route 328 Sewer Expansion project that is scheduled to be completed in 2008.
- The City has four major governmental funds; the General Fund, the Street Construction and Maintenance and Fire Levy Special Revenue Funds, and the Capital Improvements Capital Projects Fund. The General Fund had \$3,240,498 in revenues and \$2,854,933 in expenditures. The General Fund's balance increased \$348,565. The Street Construction and Maintenance Fund had \$327,673 in revenues and \$328,438 in expenditures. The Street Construction and Maintenance Fund's balance decreased by \$765. The Fire Levy Fund had \$254,649 in revenues and \$242,753 in expenditures. The Fire Levy Fund's balance increased by \$11,896. The Capital Improvements Fund had \$386,732 in revenues and \$334,794 in expenditures. The Capital Improvements Fund balance increased \$51,938.
- The City has two major business-type activity funds: the Water and Sewer Funds. The Water Fund had \$1,390,090 in operating revenues and \$1,254,328 in operating expenses. The Water Fund's net asset balance increased \$285,035. The Sewer Fund had \$1,179,297 in operating revenues and \$891,161 in operating expenses. The Sewer Fund's net asset balance increased \$202,159.

USING THIS ANNUAL FINANCIAL REPORT

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

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

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

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
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Reporting the City of Logan as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2007?" The Statement of Net Assets and Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

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

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

THE CITY OF LOGAN AS A WHOLE

Recall that the Statement of Net Assets provides the perspective of the City as a whole. Table 1 provides a summary of the City's net assets for 2007 compared to 2006.

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Current and Other Assets	\$3,248,847	\$2,940,867	\$1,670,799	\$1,351,258	\$4,919,646	\$4,292,125
Capital Assets, Net	6,339,018	6,609,993	11,544,381	11,488,889	17,883,399	18,098,882
<i>Total Assets</i>	<u>9,587,865</u>	<u>9,550,860</u>	<u>13,215,180</u>	<u>12,840,147</u>	<u>22,803,045</u>	<u>22,391,007</u>
Liabilities						
Current and Other Liabilities	691,503	680,253	266,366	317,795	957,869	998,048
Long-Term Liabilities:						
Due within One Year	194,779	203,414	737,047	652,273	931,826	855,687
Due in More than One Year	559,150	646,554	2,412,672	2,558,178	2,971,822	3,204,732
<i>Total Liabilities</i>	<u>1,445,432</u>	<u>1,530,221</u>	<u>3,416,085</u>	<u>3,528,246</u>	<u>4,861,517</u>	<u>5,058,467</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	5,861,934	6,029,125	8,630,739	8,381,271	14,492,673	14,410,396
Restricted for:						
Perpetual Care:						
Non-Expendable	65,034	65,034	0	0	65,034	65,034
Police	22,445	15,234	0	0	22,445	15,234
Fire	75,799	47,083	0	0	75,799	47,083
Transportation	275,418	303,209	0	0	275,418	303,209
Recreation	38,192	60,707	0	0	38,192	60,707
Capital Projects	391,960	338,186	0	0	391,960	338,186
Other Purposes	153,017	177,107	0	0	153,017	177,107
Unrestricted	1,258,634	984,954	1,168,356	930,630	2,426,990	1,915,584
<i>Total Net Assets</i>	<u>\$8,142,433</u>	<u>\$8,020,639</u>	<u>\$9,799,095</u>	<u>\$9,311,901</u>	<u>\$17,941,528</u>	<u>\$17,332,540</u>

Total governmental activities assets increased \$37,005. Cash and cash equivalents increased \$402,864, which is the result of increased income tax and interest receipts. Capital assets decreased \$270,975, due to depreciation expenses exceeding current year additions. The City's total governmental activities receivables decreased \$86,579. This decrease in receivables is due to decreases in intergovernmental receipts due from the State of Ohio. In particular, decreases in local government and estate tax receipts were precipitous. These two sources alone decreased \$74,414.

Total governmental activities liabilities decreased \$84,789. Current and other liabilities increased \$11,250. This is entirely due to increases in accounts payable and accrued wages payable. Long-term liabilities decreased \$96,039 due to the City making required debt service payments.

Total business-type activities assets increased \$375,033. Cash and cash equivalents increased \$276,351, and capital assets increased \$55,492. This is due to the continued cost saving measures undertaken by the City and an increase in capital contributions made to the Water Enterprise Fund. The City's total business-type activities receivables increased \$42,736. This is the result of increases in accounts receivable and revenue in lieu of taxes receivable. The revenue in lieu of taxes is the result of an enterprise zone located at the City's Wal-Mart complex that requires the businesses in that area a pay for all infrastructure improvements undertaken by the City to service the expanded retail operations at that location.

City of Logan, Ohio
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For business-type activities, current and other liabilities decreased \$51,429. This is attributable to decreases in contracts and retainage payable, the result of the near completion of all current construction projects within the City, and a decrease in accrued interest payable due to the City continuing to reduce outstanding debt. Long-term liabilities decreased \$60,732 due to continued debt service payments made by the City for water and sewer improvements made in previous years at a rate greater than new debt issues.

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

(Table 2)
 Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program Revenues						
Charges for Services	\$288,545	\$284,278	\$2,530,259	\$2,447,636	\$2,818,804	\$2,731,914
Operating Grants, Contributions and Interest	530,375	619,947	0	0	530,375	619,947
Capital Grants and Contributions	0	1,765	234,408	258,730	234,408	260,495
<i>Total Program Revenues</i>	<u>818,920</u>	<u>905,990</u>	<u>2,764,667</u>	<u>2,706,366</u>	<u>3,583,587</u>	<u>3,612,356</u>
General Revenues						
Property Taxes	497,421	502,460	0	0	497,421	502,460
Income Taxes	2,443,239	2,310,579	0	0	2,443,239	2,310,579
Grants and Entitlements	500,547	538,288	0	0	500,547	538,288
Interest	120,073	76,904	0	0	120,073	76,904
Donations	4,175	0	0	0	4,175	0
Other	32,288	13,717	39,128	4,119	71,416	17,836
<i>Total General Revenues</i>	<u>3,597,743</u>	<u>3,441,948</u>	<u>39,128</u>	<u>4,119</u>	<u>3,636,871</u>	<u>3,446,067</u>
Total Revenues	<u>4,416,663</u>	<u>4,347,938</u>	<u>2,803,795</u>	<u>2,710,485</u>	<u>7,220,458</u>	<u>7,058,423</u>
Program Expenses						
General Government	489,147	543,713	0	0	489,147	543,713
Security of Persons and Property:						
Police	1,474,452	1,383,470	0	0	1,474,452	1,383,470
Fire	796,327	808,446	0	0	796,327	808,446
Public Health Services	279,489	288,901	0	0	279,489	288,901
Transportation	1,041,882	974,680	0	0	1,041,882	974,680
Leisure Time Activities	139,820	149,061	0	0	139,820	149,061
Community Environment	50,366	17,934	0	0	50,366	17,934
Basic Utility Services	0	4,705	0	0	0	4,705
Interest and Fiscal Charges	23,386	26,831	0	0	23,386	26,831
Water	0	0	1,339,463	1,306,065	1,339,463	1,306,065
Sewer	0	0	977,138	918,309	977,138	918,309
<i>Total Program Expenses</i>	<u>4,294,869</u>	<u>4,197,741</u>	<u>2,316,601</u>	<u>2,224,374</u>	<u>6,611,470</u>	<u>6,422,115</u>
<i>Increase in Net Assets</i>	<u>121,794</u>	<u>150,197</u>	<u>487,194</u>	<u>486,111</u>	<u>608,988</u>	<u>636,308</u>
<i>Net Assets at Beginning of Year</i>	<u>8,020,639</u>	<u>7,870,442</u>	<u>9,311,901</u>	<u>8,825,790</u>	<u>17,332,540</u>	<u>16,696,232</u>
<i>Net Assets at End of Year</i>	<u>\$8,142,433</u>	<u>\$8,020,639</u>	<u>\$9,799,095</u>	<u>\$9,311,901</u>	<u>\$17,941,528</u>	<u>\$17,332,540</u>

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Governmental Activities

Program revenues accounted for 18.54 percent of total revenues for governmental activities in 2007. The amount of program revenues decreased \$87,070, or 9.61 percent. This decrease is primarily related to decreases in Community Block Development Grants, Federal Emergency Management Agency Reimbursements, and a Rural Transit Grant that was received by the City in 2006 which we did not receive in the same amounts in 2007. These were somewhat offset by increased funding in some state shared revenues, such as gas tax and motor vehicle license tax, but not at a great enough rate to make up the entire shortfall. Governmental activities services are primarily funded through general revenues, those basically being property taxes, income taxes, and State shared revenues. These revenue sources make up 95.65 percent of general revenues and 77.91 percent of total revenues. The City's general revenues increased \$155,795, or 4.53 percent. This increase is attributable to increases in income tax and interest receipts.

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

Security of persons and property is a major activity of the City, generating 52.87 percent of the governmental expenses. During 2007, expenses for police and fire operations amounted to \$1,474,452 and \$796,327, 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 24.26 percent of governmental expenses.

General government, public health, parks and recreation, community environment, and basic utility service activities account for the remaining 22.32 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 2007, program revenues exceed program expenses by \$448,066 for all business-type activities.

The City's water and sewer departments continued to operate with low rates. The minimum water and sewer rates are \$9.62 and \$9.66, respectively, for the first 2,000 gallons. Water and sewer rates for two surrounding communities are \$9.89 and \$7.57 for water and \$9.93 and \$10.00 for sewer.

THE CITY'S FUNDS

The City's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$4,510,015 and expenditures of \$4,119,763.

The fund balance of the General Fund increased \$348,565. The General Fund's balance of \$1,167,956 represented 40.91 percent of current year expenditures. Most of this balance remains in the City's treasury.

The fund balance of the Street Construction and Maintenance Special Revenue Fund decreased \$765. The Street Construction and Maintenance Fund's unreserved fund balance of \$132,743 represented 40.42 percent of current year expenditures. The City completed the Walhonding Avenue improvement project in 2007.

The fund balance of the Fire Levy Special Revenue Fund increased \$11,896. The Fire Levy Fund's unreserved fund balance of \$21,691 represented 8.93 percent of current year expenditures.

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

The fund balance of the Capital Improvements Capital Projects fund increased \$51,938. The Capital Improvement Fund's balance of \$339,463 represented more than 101.4% of current year expenditures.

During 2007, the Water Fund had operating revenues of \$1,390,090 and operating expenses of \$1,254,328. The Sewer Fund had operating revenues of \$1,179,297 and operating expenses of \$891,161. Water and sewer rates last increased 3% on July 1, 2005.

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 2007, the City amended its General Fund budget several times, none were significant. All recommendations for a budget change came from the City Auditor to the Finance Committee of Council for review before going to the whole Council for Ordinance enactment on the change. The allocation of appropriations among the departments and objects within a fund may be modified during the year by the City Auditor without an ordinance of Council. With the General Fund supporting many of our major activities such as our police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or overspending by individual departments.

For the General Fund, an increase of \$1,000 was made to the original budgeted revenues, mainly due to increased property tax receipts. Final budgeted expenditures also increased \$97,260 over the original amount. The City of Logan's ending unencumbered cash balance in the General Fund was \$489,109 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, 2007
 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$982,863	\$982,863	\$216,600	\$216,600	\$1,199,463	\$1,199,463
Construction in Progress	0	0	179,177	511,694	179,177	511,694
Land Improvements	2,292,257	2,369,911	8,709	10,294	2,300,966	2,380,205
Buildings and Improvements	1,047,677	1,083,693	0	0	1,047,677	1,083,693
Furniture, Fixtures, and Equipment	405,491	410,486	237,106	239,105	642,597	649,591
Vehicles	961,319	1,027,369	50,468	70,685	1,011,787	1,098,054
Infrastructure:						
City Streets	623,588	708,525	0	0	623,588	708,525
Street Signals	25,823	27,146	0	0	25,823	27,146
Water System	0	0	3,745,316	3,836,273	3,745,316	3,836,273
Sewer System	0	0	7,107,005	6,604,238	7,107,005	6,604,238
Totals	\$6,339,018	\$6,609,993	\$11,544,381	\$11,488,889	\$17,883,399	\$18,098,882

The assets of the City are reported at historical cost, net of depreciation. For additional information on capital assets, see Note 8 to the basic financial statements.

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Debt

The City had four bond issues, as well as various loans, land contracts, and a capital lease payable at December 31, 2007, totaling \$3,517,531, of which \$767,228 is due within one year. Of the City's outstanding bonds, one is for water system improvements, one for sewer extensions, and two tax incremental financing bonds are for water service extensions. In addition, the City has two outstanding Ohio Water Development Authority Loans, one for sewer plant improvements, and one a feasibility study; a Bio Solid Housing Loan for sewer sludge retention and treatment ; a capital lease for the purchase of a fire truck; and one land contract.

(Table 4)
 Outstanding Debt at December 31, 2007

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Water Revenue Bonds	\$0	\$0	\$928,500	\$1,037,200	\$928,500	\$1,037,200
Water Tax Incremental Financing Bonds	0	0	621,057	835,801	621,057	835,801
OWDA Loans	0	0	705,203	1,020,134	705,203	1,020,134
Bio Solid Housing Loan	0	0	485,687	214,483	485,687	214,483
Sewer Revenue Bonds	0	0	300,000	0	300,000	0
Land Contracts	10,346	41,520	0	0	10,346	41,520
Capital Leases	466,738	539,348	0	0	466,738	539,348
Totals	\$477,084	\$580,868	\$3,040,447	\$3,107,618	\$3,517,531	\$3,688,486

One revenue and the tax incremental financing bonds are being paid from charges for services and payments in lieu of taxes revenue in the Water Fund. The second revenue bond, the OWDA loans, and the Bio Solid Housing Loan are being paid from charges for services in the Sewer Fund. The land contract will be paid with income tax receipts by the Capital Improvements Fund. The capital lease will be paid from property tax receipts in the Fire Levy Special Revenue Fund and from charges for services in the Fire Equipment Capital Projects Fund.

The City's overall legal debt margin was \$11,598,485 at December 31, 2007. For additional information on the City's debt, see Note 13 to the basic financial statements.

CURRENT ISSUES

As the preceding information shows, the City depends heavily on its taxpayers and grants and entitlements. Stress on the City's finances is ongoing. However, infrastructure improvements and upgrades are continuing. These improvements include the Walhonding Avenue Improvement Project, the Bio-Solids housing Project, and the State Route 328 Sewer Extension Project, all of which began were began or completed in 2007.

CONTACTING THE CITY AUDITOR'S DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Kim Miller, Logan City Auditor, 10 South Mulberry Street, Logan, Ohio 43138.

City of Logan, Ohio
Statement of Net Assets
December 31, 2007

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,658,043	\$1,051,970	\$2,710,013
Investments in Segregated Accounts	65,034	0	65,034
Accrued Interest Receivable	14,837	0	14,837
Intergovernmental Receivable	371,042	187	371,229
Accounts Receivable	3,082	372,382	375,464
Income Taxes Receivable	574,410	0	574,410
Property Taxes Receivable	461,725	0	461,725
Payments in Lieu of Taxes Receivable	0	241,300	241,300
Loans Receivable	96,768	0	96,768
Prepaid Items	3,906	4,960	8,866
Nondepreciable Capital Assets	982,863	395,777	1,378,640
Depreciable Capital Assets, Net	5,356,155	11,148,604	16,504,759
<i>Total Assets</i>	<u>9,587,865</u>	<u>13,215,180</u>	<u>22,803,045</u>
Liabilities			
Accounts Payable	55,686	26,714	82,400
Contracts Payable	0	100,722	100,722
Accrued Wages Payable	77,769	32,792	110,561
Retainage Payable	0	10,910	10,910
Accrued Interest Payable	1,176	61,072	62,248
Intergovernmental Payable	138,765	34,156	172,921
Deferred Revenue	418,107	0	418,107
Long-Term Liabilities:			
Due within One Year	194,779	737,047	931,826
Due in More than One Year	559,150	2,412,672	2,971,822
<i>Total Liabilities</i>	<u>1,445,432</u>	<u>3,416,085</u>	<u>4,861,517</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	5,861,934	8,630,739	14,492,673
Restricted for:			
Perpetual Care:			
Non-Expendable	65,034	0	65,034
Police	22,445	0	22,445
Fire	75,799	0	75,799
Transportation	275,418	0	275,418
Recreation	38,192	0	38,192
Capital Projects	391,960	0	391,960
Other Purposes	153,017	0	153,017
Unrestricted	1,258,634	1,168,356	2,426,990
<i>Total Net Assets</i>	<u>\$8,142,433</u>	<u>\$9,799,095</u>	<u>\$17,941,528</u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
Statement of Activities
For the Year Ended December 31, 2007

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Governmental Activities				
General Government	\$489,147	\$17,225	\$0	\$0
Security of Persons and Property:				
Police	1,474,452	80,576	81,234	0
Fire	796,327	94,364	38,356	0
Public Health Services	279,489	35,679	3,496	0
Transportation	1,041,882	10,073	388,857	0
Leisure Time Activities	139,820	48,083	15,375	0
Community Environment	50,366	2,545	3,057	0
Interest and Fiscal Charges	23,386	0	0	0
<i>Total Governmental Activities</i>	<u>4,294,869</u>	<u>288,545</u>	<u>530,375</u>	<u>0</u>
Business-Type Activities				
Water	1,339,463	1,389,122	0	234,408
Sewer	977,138	1,141,137	0	0
<i>Total Business-Type Activities</i>	<u>2,316,601</u>	<u>2,530,259</u>	<u>0</u>	<u>234,408</u>
<i>Totals</i>	<u>\$6,611,470</u>	<u>\$2,818,804</u>	<u>\$530,375</u>	<u>\$234,408</u>

General Revenues

Property Taxes Levied for:

 General Purposes

 Police

 Fire

Income Taxes Levied for:

 General Purposes

 Capital Improvements

Grants and Entitlements not Restricted to Specific Programs

Interest

Donations

Other

Total General Revenues

Change in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$471,922)	\$0	(\$471,922)
(1,312,642)	0	(1,312,642)
(663,607)	0	(663,607)
(240,314)	0	(240,314)
(642,952)	0	(642,952)
(76,362)	0	(76,362)
(44,764)	0	(44,764)
(23,386)	0	(23,386)
<u>(3,475,949)</u>	<u>0</u>	<u>(3,475,949)</u>
0	284,067	284,067
0	163,999	163,999
<u>0</u>	<u>448,066</u>	<u>448,066</u>
<u>(3,475,949)</u>	<u>448,066</u>	<u>(3,027,883)</u>
206,373	0	206,373
31,211	0	31,211
259,837	0	259,837
2,198,365	0	2,198,365
244,874	0	244,874
500,547	0	500,547
120,073	0	120,073
4,175	0	4,175
32,288	39,128	71,416
<u>3,597,743</u>	<u>39,128</u>	<u>3,636,871</u>
121,794	487,194	608,988
<u>8,020,639</u>	<u>9,311,901</u>	<u>17,332,540</u>
<u>\$8,142,433</u>	<u>\$9,799,095</u>	<u>\$17,941,528</u>

City of Logan, Ohio

Balance Sheet

Governmental Funds

December 31, 2007

	General	Street Construction and Maintenance	Fire Levy	Capital Improvements	Other Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,056,964	\$122,611	\$21,691	\$276,869	\$179,908
Investments in Segregated Accounts	0	0	0	0	65,034
Receivables:					
Accrued Interest	11,892	0	0	0	2,945
Intergovernmental Accounts	195,925	145,818	12,755	501	16,043
Income Taxes	3,082	0	0	0	0
Property Taxes	459,529	0	0	114,881	0
Loans	184,751	0	216,121	0	60,853
Prepaid Items	0	0	0	0	96,768
	3,906	0	0	0	0
Total Assets	\$1,916,049	\$268,429	\$250,567	\$392,251	\$421,551
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$46,074	\$0	\$0	\$7,666	\$1,946
Accrued Wages Payable	70,248	6,784	0	0	737
Intergovernmental Payable	127,455	10,499	0	0	811
Deferred Revenue	504,316	118,403	228,876	45,122	74,575
Total Liabilities	748,093	135,686	228,876	52,788	78,069
Fund Balances					
Reserved for Encumbrances	2,436	0	0	10,536	1,500
Reserved for Endowments	0	0	0	0	65,034
Reserved for Loans	0	0	0	0	93,101
Unreserved, Undesignated, Reported in:					
General Fund	1,165,520	0	0	0	0
Special Revenue Funds	0	132,743	21,691	0	176,472
Capital Projects Funds	0	0	0	328,927	7,375
Total Fund Balances	1,167,956	132,743	21,691	339,463	343,482
Total Liabilities and Fund Balances	\$1,916,049	\$268,429	\$250,567	\$392,251	\$421,551

See accompanying notes to the basic financial statements

City of Logan, Ohio
*Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
December 31, 2007*

<p style="text-align: center;">Total Governmental Funds</p>	<p>Total Governmental Fund Balances \$2,005,335</p>	
	<p><i>Amounts reported for governmental activities in the statement of net assets are different because</i></p>	
\$1,658,043	Capital Assets used in governmental activities	
65,034	are not financial resources and therefore are	
	not reported in the funds. 6,339,018	
14,837		
371,042	Other long-term assets are not available to pay	
3,082	for current-period expenditures and therefore	
574,410	are not reported in the funds:	
461,725	Property Taxes 42,262	
96,768	Income Taxes 223,108	
3,906	Intergovernmental Revenues 285,665	
<u>\$3,248,847</u>	Other Revenues <u>2,150</u>	553,185
	Long-term liabilities are not due and payable in the	
	current period and therefore are not reported in the	
	funds:	
\$55,686	Capital Leases Payable (466,738)	
77,769	Land Contracts Payable (10,346)	
138,765	Accrued Interest Payable (1,176)	
971,292	Compensated Absences Payable <u>(276,845)</u>	<u>(755,105)</u>
<u>1,243,512</u>	Net Assets of Governmental Activities	<u>\$8,142,433</u>
14,472		
65,034		
93,101		
1,165,520		
330,906		
336,302		
<u>2,005,335</u>		
<u>\$3,248,847</u>		

City of Logan, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Street Construction and Maintenance	Fire Levy	Capital Improvements	Other Governmental Funds
Revenues					
Property Taxes	\$201,339	\$0	\$223,951	\$0	\$60,812
Income Taxes	2,202,001	0	0	245,786	0
Intergovernmental	505,896	321,204	30,698	138,836	107,208
Charges for Services	111,671	0	0	0	105,212
Fines, Licenses, and Permits	73,322	0	0	0	1,326
Interest	118,156	0	0	1,917	6,553
Donations	4,175	0	0	0	15,375
Other	23,938	6,469	0	193	3,977
<i>Total Revenues</i>	<u>3,240,498</u>	<u>327,673</u>	<u>254,649</u>	<u>386,732</u>	<u>300,463</u>
Expenditures					
Current:					
General Government	425,458	0	0	0	0
Security of Persons and Property:					
Police	1,402,606	0	0	0	21,642
Fire	492,409	0	162,753	0	61,856
Public Health Services	268,720	0	0	0	147
Transportation	242,365	328,438	0	0	126,196
Leisure Time Activities	4,193	0	0	0	100,973
Community Environment	19,182	0	0	0	31,184
Capital Outlay	0	0	0	302,794	1,847
Debt Service:					
Principal Retirement	0	0	60,954	31,174	11,656
Interest and Fiscal Charges	0	0	19,046	826	3,344
<i>Total Expenditures</i>	<u>2,854,933</u>	<u>328,438</u>	<u>242,753</u>	<u>334,794</u>	<u>358,845</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>385,565</u>	<u>(765)</u>	<u>11,896</u>	<u>51,938</u>	<u>(58,382)</u>
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	37,000
Transfers Out	(37,000)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(37,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>37,000</u>
<i>Net Change in Fund Balance</i>	<u>348,565</u>	<u>(765)</u>	<u>11,896</u>	<u>51,938</u>	<u>(21,382)</u>
<i>Fund Balances at Beginning of Year</i>	<u>819,391</u>	<u>133,508</u>	<u>9,795</u>	<u>287,525</u>	<u>364,864</u>
<i>Fund Balances at End of Year</i>	<u>\$1,167,956</u>	<u>\$132,743</u>	<u>\$21,691</u>	<u>\$339,463</u>	<u>\$343,482</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, 2007*

Total Governmental Funds	Net Change in Fund Balances - Total Governmental Funds	\$390,252
	Amounts reported for governmental activities in the statement of activities are different because	
\$486,102	Governmental funds report capital outlays as expenditures. However,	
2,447,787	in the statement of activities, the cost of those assets is allocated	
1,103,842	over their useful lives as depreciation expense. This is the amount	
216,883	by which depreciation exceeded capital outlay in the current period:	
74,648	Capital Assets Additions	304,641
126,626	Depreciation Expense	<u>(575,616)</u>
19,550		(270,975)
34,577	Revenues in the statement of activities that do not provide current	
	financial resources are not reported as revenues in the funds:	
4,510,015	Property Taxes	11,319
	Income Taxes	(4,548)
	State Shared Revenues	(9,544)
	Grants	(74,715)
425,458	Estate Taxes	(10,589)
	Fines, Licenses, and Permits	(2,986)
1,424,248	Other Revenue	<u>(2,289)</u>
717,018		(93,352)
268,867	Repayments of principal is an expenditure in the governmental funds,	
696,999	but the repayment reduces long-term liabilities in the statement	
105,166	of net assets.	103,784
50,366		
304,641	In the statement of activities, interest is accrued on outstanding debt,	
	whereas in governmental funds, interest is expended when due.	(170)
103,784		
23,216	Some expenses reported in the statement of activities do not	
	require the use of current financial resources and therefore	
4,119,763	are not reported as expenditures in governmental funds:	
	Compensated Absences	<u>(7,745)</u>
390,252	<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$121,794</u></u>
37,000		
(37,000)		
0		
390,252		
1,615,083		
\$2,005,335		

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$177,370	\$209,800	\$201,079	(\$8,721)
Income Taxes	2,049,105	2,025,000	2,193,938	168,938
Intergovernmental	486,325	480,604	524,102	43,498
Charges for Services	108,816	107,536	111,671	4,135
Fines, Licenses, and Permits	39,110	38,650	67,290	28,640
Interest	62,244	62,500	118,920	56,420
Donations	2,024	2,000	4,175	2,175
Other	8,146	8,050	23,176	15,126
<i>Total Revenues</i>	<u>2,933,140</u>	<u>2,934,140</u>	<u>3,244,351</u>	<u>310,211</u>
Expenditures				
Current:				
General Government	443,574	458,226	439,251	18,975
Security of Persons and Property:				
Police	1,436,655	1,484,116	1,392,590	91,526
Fire	520,306	537,494	501,317	36,177
Public Health Services	278,713	287,921	268,542	19,379
Transportation	240,517	248,464	234,647	13,817
Leisure Time Activities	4,493	4,641	4,329	312
Community Environment	19,884	20,540	19,158	1,382
<i>Total Expenditures</i>	<u>2,944,142</u>	<u>3,041,402</u>	<u>2,859,834</u>	<u>181,568</u>
<i>Excess of Revenues Over(Under) Expenditures</i>	(11,002)	(107,262)	384,517	491,779
Other Financing Uses				
Transfers Out	(38,401)	(39,670)	(37,000)	2,670
<i>Net Change in Fund Balance</i>	(49,403)	(146,932)	347,517	494,449
<i>Fund Balance at Beginning of Year</i>	664,874	664,874	664,874	0
Prior Year Encumbrances Appropriated	21,436	21,436	21,436	0
<i>Fund Balance at End of Year</i>	<u>\$636,907</u>	<u>\$539,378</u>	<u>\$1,033,827</u>	<u>\$494,449</u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Street Construction and Maintenance Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$318,600	\$318,600	\$317,892	(\$708)
Other	2,200	2,200	6,469	4,269
<i>Total Revenues</i>	320,800	320,800	324,361	3,561
Expenditures				
Current:				
Transportation	341,000	341,000	334,805	6,195
<i>Net Change in Fund Balance</i>	(20,200)	(20,200)	(10,444)	9,756
<i>Fund Balance at Beginning of Year</i>	133,055	133,055	133,055	0
<i>Fund Balance at End of Year</i>	<u>\$112,855</u>	<u>\$112,855</u>	<u>\$122,611</u>	<u>\$9,756</u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Fire Levy Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$216,250	\$236,500	\$223,951	(\$12,549)
Intergovernmental	21,474	1,224	30,698	29,474
<i>Total Revenues</i>	<u>237,724</u>	<u>237,724</u>	<u>254,649</u>	<u>16,925</u>
Expenditures				
Current:				
Security of Persons and Property:				
Fire	162,919	162,919	162,753	166
Debt Service				
Principal Retirement	61,016	61,016	60,954	62
Interest and Fiscal Charges	19,065	19,065	19,046	19
<i>Total Expenditures</i>	<u>243,000</u>	<u>243,000</u>	<u>242,753</u>	<u>247</u>
<i>Net Change in Fund Balance</i>	(5,276)	(5,276)	11,896	17,172
<i>Fund Balance at Beginning of Year</i>	<u>9,795</u>	<u>9,795</u>	<u>9,795</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$4,519</u>	<u>\$4,519</u>	<u>\$21,691</u>	<u>\$17,172</u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
Statement of Fund Net Assets
Enterprise Funds
December 31, 2007

	Water	Sewer	Total Enterprise Funds
Assets			
Current :			
Equity in Pooled Cash and Cash Equivalents	\$465,309	\$586,661	\$1,051,970
Intergovernmental Receivable	0	187	187
Accounts Receivable	200,329	172,053	372,382
Payments in Lieu of Taxes Receivable	241,300	0	241,300
Prepaid Items	3,251	1,709	4,960
<i>Total Current Assets</i>	<u>910,189</u>	<u>760,610</u>	<u>1,670,799</u>
Noncurrent:			
Nondepreciable Capital Assets	84,000	311,777	395,777
Depreciable Capital Assets, Net	3,839,723	7,308,881	11,148,604
<i>Total Noncurrent Assets</i>	<u>3,923,723</u>	<u>7,620,658</u>	<u>11,544,381</u>
<i>Total Assets</i>	<u>4,833,912</u>	<u>8,381,268</u>	<u>13,215,180</u>
Liabilities			
Current:			
Accounts Payable	16,759	9,955	26,714
Contracts Payable	0	100,722	100,722
Accrued Wages Payable	20,186	12,606	32,792
Retainage Payable	0	10,910	10,910
Accrued Interest Payable	26,618	34,454	61,072
Intergovernmental Payable	20,539	13,617	34,156
Tax Increment Financing Bonds Payable	177,227	0	177,227
Revenue Bonds Payable	114,000	30,000	144,000
OWDA Loans Payable	0	340,735	340,735
Loans Payable	0	25,197	25,197
Compensated Absences Payable	25,974	23,914	49,888
<i>Total Current Liabilities</i>	<u>401,303</u>	<u>602,110</u>	<u>1,003,413</u>
Long-Term:			
Tax Increment Financing Bonds Payable	443,830	0	443,830
Revenue Bonds Payable	814,500	270,000	1,084,500
OWDA Loans Payable	0	364,468	364,468
Loans Payable	0	460,490	460,490
Compensated Absences Payable	28,854	30,530	59,384
<i>Total Long-Term Liabilities</i>	<u>1,287,184</u>	<u>1,125,488</u>	<u>2,412,672</u>
<i>Total Liabilities</i>	<u>1,688,487</u>	<u>1,727,598</u>	<u>3,416,085</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	2,374,166	6,256,573	8,630,739
Unrestricted	771,259	397,097	1,168,356
<i>Total Net Assets</i>	<u>\$3,145,425</u>	<u>\$6,653,670</u>	<u>\$9,799,095</u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
*Statement of Revenues, Expenses,
and Changes in Fund Net Assets*
Enterprise Funds
For the Year December 31, 2007

	Water	Sewer	Total Enterprise Funds
Operating Revenues			
Charges for Services	\$1,389,122	\$1,141,137	\$2,530,259
Other Operating Revenues	968	38,160	39,128
<i>Total Operating Revenues</i>	<u>1,390,090</u>	<u>1,179,297</u>	<u>2,569,387</u>
Operating Expenses			
Salaries and Wages	560,232	369,723	929,955
Fringe Benefits	169,418	79,233	248,651
Contractual Services	194,011	180,121	374,132
Materials and Supplies	185,261	46,606	231,867
Depreciation	145,366	215,478	360,844
Other Operating Expenses	40	0	40
<i>Total Operating Expenses</i>	<u>1,254,328</u>	<u>891,161</u>	<u>2,145,489</u>
<i>Operating Income</i>	135,762	288,136	423,898
Non-Operating Expenses			
Interest and Fiscal Charges	<u>(85,135)</u>	<u>(85,977)</u>	<u>(171,112)</u>
<i>Income Before Contributions</i>	50,627	202,159	252,786
Capital Contributions	<u>234,408</u>	<u>0</u>	<u>234,408</u>
<i>Change in Net Assets</i>	285,035	202,159	487,194
<i>Net Assets at Beginning of Year</i>	<u>2,860,390</u>	<u>6,451,511</u>	<u>9,311,901</u>
<i>Net Assets at End of Year</i>	<u><u>\$3,145,425</u></u>	<u><u>\$6,653,670</u></u>	<u><u>\$9,799,095</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, 2007

	Water	Sewer	Total Enterprise Funds
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	\$1,369,347	\$1,123,476	\$2,492,823
Cash Payments for Employee Services and Benefits	(725,086)	(448,972)	(1,174,058)
Cash Payments to Suppliers for Goods and Services	(380,094)	(263,945)	(644,039)
Other Operating Revenues	968	38,160	39,128
Other Operating Expenses	(40)	0	(40)
<i>Net Cash Provided by Operating Activities</i>	<u>265,095</u>	<u>448,719</u>	<u>713,814</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(45,296)	(371,040)	(416,336)
Proceeds from Loans	0	599,115	599,115
Principal Paid on Debt	(323,444)	(342,842)	(666,286)
Interest Paid on Debt	(88,360)	(94,704)	(183,064)
Capital Contributions	229,108	0	229,108
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(227,992)</u>	<u>(209,471)</u>	<u>(437,463)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	37,103	239,248	276,351
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>428,206</u>	<u>347,413</u>	<u>775,619</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$465,309</u></u>	<u><u>\$586,661</u></u>	<u><u>\$1,051,970</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
<i>Operating Income</i>	\$135,762	\$288,136	\$423,898
<i>Adjustments:</i>			
Depreciation	145,366	215,478	360,844
<i>Increase in Assets:</i>			
Accounts Receivable	(19,775)	(17,474)	(37,249)
Intergovernmental Receivable	0	(187)	(187)
Prepays Items	(199)	(255)	(454)
<i>Increase (Decrease) in Liabilities:</i>			
Accounts Payable	877	(2,509)	(1,632)
Contracts Payable	0	(28,571)	(28,571)
Accrued Wages Payable	2,142	1,840	3,982
Retainage Payable	0	(8,314)	(8,314)
Compensated Absences Payable	4,494	1,945	6,439
Intergovernmental Payable	(3,572)	(1,370)	(4,942)
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$265,095</u></u>	<u><u>\$448,719</u></u>	<u><u>\$713,814</u></u>

Non-Cash Capital Financing Transactions: During fiscal year 2007, the Water Enterprise Fund received \$5,300 in donated capital assets.

See accompanying notes to the basic financial statements

City of Logan, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2007

Assets

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

Due to Others	<u><u>\$1,645</u></u>
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See accompanying notes to the basic financial statements

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 1 – Description of City and Reporting Entity

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

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

Reporting Entity

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

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

The City participates in four jointly governed organizations and an insurance purchasing pool. These organizations are presented in Notes 16 and 17 to the Basic Financial Statements. The organizations are:

Hocking Metropolitan Housing Authority
Hocking County Council on Aging, Incorporated
Hocking County Regional Planning Commission
Buckeye Hills-Hocking Valley Regional Development District
Ohio Municipal League Workers’ Compensation Group Rating Program

Note 2 – Summary of Significant Accounting Policies

The financial statements of the City of Logan have been prepared in conformity to generally accepted accounting principles (GAAP) as applied to local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise funds unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activities and enterprise funds. The more significant of the City’s accounting policies are described below.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

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

Street Construction and Maintenance Fund The Street Construction and Maintenance Fund is used to account for that portion of the State gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Fire Levy Fund The Fire Levy Fund is used to account for property taxes levied for the payment of salaries and expenses in the fire department.

Capital Improvements Fund The Capital Improvements Fund is used to account for that portion of income taxes designated for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

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

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

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

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. There are four categories of fiduciary funds: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operations. The City's only fiduciary fund is an agency fund. The agency fund accounts for assets held by separate from the City for distribution to either its employees or other governmental agencies for payroll activities.

C. Measurement Focus

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

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

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

D. Basis of Accounting

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

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

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

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

Deferred Revenue Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2007, but which were levied to finance year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements were met have also been recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

E. Budgetary Process

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

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

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

F. Cash and Cash Equivalents

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

During 2007, investments were limited to STAR Ohio and certificates of deposit. Certificates of deposit are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest is credited to the General Fund; the Economic Development and Cemetery Trust Special Revenue Funds; and the Capital Improvements Capital Projects Fund. Interest revenue credited to the General Fund during 2007 amounted to \$118,156, which includes \$73,075 assigned from other City funds.

The City has a segregated bank account for monies used to meet payroll obligations. The bank account is presented in the statement of fiduciary assets and liabilities as "Cash and Cash Equivalents in Segregated Accounts" since it is not deposited into the City's treasury.

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed.

H. Capital Assets

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

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

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

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

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

I. Compensated Absences

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

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.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

J. Contributions of Capital

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

K. Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future period. Fund balance reserves have been established for encumbrances, revolving loans, and endowments.

The reserve for loans represents that portion of the revolving loans receivable that is not expected to be collected in the next fiscal year and, therefore, is not available for appropriation.

L. Interfund Activity

Transfers within governmental activities on the government-wide statements are reported in the same manner as general revenues. 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 aren't 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.

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

M. Accrued Liabilities and Long-Term Liabilities

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

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

N. Estimates

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, not of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The government-wide statement of net assets reports \$1,021,865 of restricted net assets, none of which is restricted by enabling legislation.

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

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

P. Operating Revenues and Expenses

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of City Council and that are either unusual in nature or infrequent in occurrence.

Note 3 - Change in Accounting Principals

For 2007, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions"; GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues"; and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the OPERS and OP&F post employment healthcare plans in the amount of \$17,877 and \$28,006, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 4 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

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

Net Change in Fund Balance

	General	Street Construction and Maintenance	Fire Levy
GAAP Basis	\$348,565	(\$765)	\$11,896
Revenue Accruals	3,853	(3,312)	0
Expenditure Accruals	19,024	(6,367)	0
Prepaid Items:			
Beginning of Year	3,118	0	0
End of Year	(3,906)	0	0
Encumbrances	(23,137)	0	0
Budget Basis	\$347,517	(\$10,444)	\$11,896

Note 5 – Deposits and Investments

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

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

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

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and,
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time.

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

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

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

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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 \$2,035,732 and the bank balance was \$2,142,819. Of the bank balance, \$101,645 was covered by Federal depository insurance and \$2,041,174 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Village to a successful claim by the FDIC.

The City has no deposit policy for custodial 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, 2007, the City's investment in STAR Ohio had an average maturity of forty-one days and a fair value of \$740,960. The City has no investment policy beyond State statute that requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity.

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

Note 6 – Receivables

Receivables at December 31, 2007, consisted primarily of municipal income taxes, property taxes, payments in lieu of taxes, accounts (billings for user fees including unbilled utility services), loans, intergovernmental receivables arising from entitlements and shared revenues, and accrued interest on investments. Loans receivable of \$62,790 and \$33,978 are reported in the Economic Development and Community Development Block Grant Special Revenue Funds, respectively, and represent low interest loans for development projects granted to eligible businesses under the Federal Economic Development Assistance and the Community Development Block Grant Programs. The amount not scheduled for collection during the subsequent year is \$93,101. All other receivables are expected to be collected within one year, except for property taxes. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2007 for real and public utility property taxes represent collections of 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) are for 2007 taxes.

2007 real property taxes are levied after October 1, 2007, on assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at thirty-five percent of the appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 real property taxes.

City of Logan, Ohio
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For the Year Ended December 31, 2007

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

The full tax rate for all City operations for the year ended December 31, 2007, was \$4.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	\$103,287,090
Public Utility Real Property	19,570
Public Utility Tangible Personal Property	3,046,670
Tangible Personal Property	<u>4,108,430</u>
Total Assessed Value	<u><u>\$110,461,760</u></u>

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The Hocking County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Logan. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2007, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since current taxes were not levied to finance 2007 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, delinquent collectible property taxes have been recorded as revenue, while the remainder of the receivable has been deferred.

B. Income Taxes

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

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

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

C. Payments in Lieu of Taxes

As provided by State law, the City entered into two Tax Increment Financing Agreements in 2002 with Wal-Mart Stores, Inc. and Holiday Inn for the purpose of constructing several retail and commercial centers. To encourage these improvements, the companies were granted an exemption from paying any property taxes on the new construction; however, payments in lieu of taxes are made to the City in an amount equal to the real property taxes that otherwise would have been due in that current year. These payments are being used to finance public improvements and will continue over ten years. There is no provision within the agreement which would allow the property owner to reduce payments to the City due to the changing personal property tax system. The City is not able to record a receivable for all future payments because the payments are based upon projected collections. A receivable has been recorded in the amount of \$241,300 which represents amounts measurable at December 31, 2007.

D. Intergovernmental Receivable

A summary of intergovernmental receivables follows:

Governmental Activities:

Local Government	\$146,218
Estate Tax	3,482
Kilowatt Per Hour	1,914
Homestead and Rollback	27,554
Gasoline Tax	123,289
Motor Vehicle License Tax	32,346
Permissive Tax	2,014
State Electric Light	5,014
School Resource Officer Grant	21,926
Miscellaneous	<u>7,285</u>

Total Governmental Activities 371,042

Business-Type Activities:

Miscellaneous	<u>187</u>
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Total Intergovernmental Receivables \$371,229

Note 7- Risk Management

A. Property and Liability

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

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Property and Liability	Deductible	Limits of Coverage
Buildings and Contents	\$500	\$20,966,858
Boiler and Machinery	1,000	4,000,000
Employee Dishonesty	0	50,000
Crime Insurance	0	10,000
Employee Benefits Liability	1,000	1,000,000
Employer's Liability Stop-Gap	0	1,000,000
Law Enforcement Liability	5,000	1,000,000
Public Officials Liability	5,000	2,000,000
Umbrella Coverage	0	2,000,000
Vehicles:		
Automobile Liability	500	1,000,000
Uninsured Motorist	0	1,000,000
General Liability Per Occurrence	0	1,000,000
General Liability Aggregate Limit	0	1,000,000

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

B. Workers' Compensation

For 2007, the City participated in the Ohio Municipal League Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see Note 17). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating entities is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. The savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Each year the City pays an enrollment fee to the Plan to cover the costs of administering the program.

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 8 – Capital Assets

Capital asset activity for the year ended December 31, 2007, was as follows:

	Balance at 12/31/06	Additions	Deductions	Balance at 12/31/07
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$982,863	\$0	\$0	\$982,863
Depreciable Capital Assets:				
Land Improvements	3,975,476	0	0	3,975,476
Buildings and Improvements	1,751,490	0	0	1,751,490
Furniture, Fixtures, and Equipment	1,620,723	56,899	0	1,677,622
Vehicles	1,864,449	26,300	0	1,890,749
City Streets	6,016,843	221,442	0	6,238,285
Street Signals	794,238	0	0	794,238
Total Depreciable Capital Assets	16,023,219	304,641	0	16,327,860
Less Accumulated Depreciation:				
Land Improvements	(1,605,565)	(77,654)	0	(1,683,219)
Buildings and Improvements	(667,797)	(36,016)	0	(703,813)
Furniture, Fixtures, and Equipment	(1,210,237)	(61,894)	0	(1,272,131)
Vehicles	(837,080)	(92,350)	0	(929,430)
City Streets	(5,308,318)	(306,379)	0	(5,614,697)
Street Signals	(767,092)	(1,323)	0	(768,415)
Total Accumulated Depreciation	(10,396,089)	(575,616) *	0	(10,971,705)
Total Capital Assets being Depreciated, Net	5,627,130	(270,975)	0	5,356,155
Governmental Activities Capital Assets, Net	\$6,609,993	(\$270,975)	\$0	\$6,339,018

*Depreciation expense was charged to governmental programs as follows:

General Government	\$62,057
Security of Persons and Property:	
Police	43,516
Fire	78,418
Public Health Services	14,438
Transportation	342,533
Leisure Time Activities	34,654
Total Depreciation Expense	\$575,616

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

	Balance at 12/31/06	Additions	Deductions	Balance at 12/31/07
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	\$216,600	\$0	\$0	\$216,600
Construction in Progress	511,694	154,285	486,802	179,177
Total Capital Assets not being Depreciated	728,294	154,285	486,802	395,777
Depreciable Capital Assets:				
Land Improvements	61,168	0	0	61,168
Furniture, Fixtures, and Equipment	725,653	37,512	0	763,165
Vehicles	214,312	0	0	214,312
Infrastructure	15,922,672	711,341	0	16,634,013
Total Capital Assets being Depreciated	16,923,805	748,853	0	17,672,658
Less Accumulated Depreciation:				
Land Improvements	(50,874)	(1,585)	0	(52,459)
Furniture, Fixtures, and Equipment	(486,548)	(39,511)	0	(526,059)
Vehicles	(143,627)	(20,217)	0	(163,844)
Infrastructure	(5,482,161)	(299,531)	0	(5,781,692)
Total Accumulated Depreciation	(6,163,210)	(360,844)	0	(6,524,054)
Total Capital Assets being Depreciated, Net	10,760,595	388,009	0	11,148,604
Business-Type Activities Capital Assets, Net	\$11,488,889	\$542,294	\$486,802	\$11,544,381

Note 9 - 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 that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5% of covered payroll, public safety members contributed 9.75%, and law enforcement members contributed 10.1%.

City of Logan, Ohio
Notes to the Basic Financial Statements
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The City's contribution rate for 2007 was 13.85 percent. For the period January 1 through June 30, a portion of the City's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$115,449, \$149,606 and \$135,545 respectively; 79.05 percent has been contributed for 2007 and 100 percent for 2006 and 2005. There were no member-directed plan contributions for 2007 for the City of Logan.

B. Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers and 24 percent for firefighters. Contribution rates are established by State statute. For 2007, a portion of the City's contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City's pension contributions to OP&F for police and firefighters were \$95,156 and \$76,223 for the year ended December 31, 2007, \$91,183 and \$74,172 for the year ended December 31, 2006, and \$82,518 and \$67,408 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 72.25 percent has been contributed for police and 71.56 percent has been contributed for firefighters for 2007.

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System

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

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

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

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 5.00 percent of covered payroll from January 1 through June 30, 2007, and 6.00 percent from July 1 to December 31, 2007.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2007, 2006, and 2005 were \$91,057, \$62,662 and \$56,689 respectively; 77.19 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

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

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

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding policy – OP&F's post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.00 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

City of Logan, Ohio
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The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$50,376 and \$29,827 for the year ended December 31, 2007, \$60,142 and \$35,375 for the year ended December 31, 2006, and \$54,427 and \$32,148 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 70.53 percent has been contributed for police and 70.35 percent has been contributed for firefighters for 2007.

Note 11- Employee Benefits

A. Insurance

In 2007, the City contracted with Fort Dearborne Life to provide all employees with \$25,000 each in life and accidental death and dismemberment insurance.

The City provides comprehensive major medical insurance through Medical Mutual. Monthly premiums are \$365.84 for single coverage and \$978.15 for family coverage. The City pays \$869.45 of the premiums for family plans and the City's employees pay the remaining balances. The City pays \$330.84 of the premiums for the Ohio Association of Public Service Employees participating in the single plan and \$325.18 for all other City employees with the remainder being paid by the employee.

B. Compensated Absences

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

Note 12 – Capital Leases – Lessee Disclosure

In previous years, the City had entered into a capitalized lease agreement for a fire truck. The lease meets the criteria of a capital lease as defined by the Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the fund financial statements. Principal payments made in 2007 totaled \$72,610 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
2008	\$92,918
2009	92,917
2010	92,918
2011	92,917
2012	92,918
2013	58,504
Total Minimum Lease Payments	523,092
Less: Amount Representing Interest	(56,354)
Present Value of Net Minimum Lease Payments	\$466,738

City of Logan, Ohio
Notes to the Basic Financial Statements
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The equipment has been capitalized in the amount of \$744,407, the present value of the minimum lease payments at the inception of the lease. The accumulated depreciation as of December 31, 2007, was \$93,050, leaving a remaining book value of \$651,357.

Note 13 – Long - Term Obligations

A schedule of changes in long-term obligations of the City during 2007 follows:

	Principal Outstanding 12/31/06	Additions	Deductions	Principal Outstanding 12/31/07	Amounts Due in One Year
Governmental Activities:					
2003 Cosper Land Contract - 0.00%	\$25,000	\$0	\$25,000	\$0	\$0
2004 Carper Land Contract - 5.00%	16,520	0	6,174	10,346	6,483
Capital Leases	539,348	0	72,610	466,738	73,586
Compensated Absences	269,100	7,745	0	276,845	114,710
Total Governmental Activities	<u>\$849,968</u>	<u>\$7,745</u>	<u>\$103,784</u>	<u>\$753,929</u>	<u>\$194,779</u>
Business-Type Activities:					
1992 OWDA Sewer Plant Improvements Loan - 8.31%	\$1,009,131	\$0	\$309,910	\$699,221	\$335,664
2003 OWDA Sewer Planning Loan - 1.00%	11,003	0	5,021	5,982	5,071
Total OWDA Loans	<u>1,020,134</u>	<u>0</u>	<u>314,931</u>	<u>705,203</u>	<u>340,735</u>
2002 Wal-Mart Tax Increment Financing Bonds - 4.50%	621,975	0	153,386	468,589	144,142
2003 Holiday Inn Tax Increment Financing Bonds - 4.80%	213,826	0	61,358	152,468	33,085
Total Tax Increment Financing Bonds	<u>835,801</u>	<u>0</u>	<u>214,744</u>	<u>621,057</u>	<u>177,227</u>
1995 Revenue Bonds: Water System - 5.00%	1,037,200	0	108,700	928,500	114,000
2006 Bio Solids Housing Loan - 5.15%	214,483	299,115	27,911	485,687	25,197
2007 Revenue Bonds: Sewer System - 4.52%	0	300,000	0	300,000	30,000
Compensated Absences	102,833	6,439	0	109,272	49,888
Total Business-Type Activities	<u>\$3,210,451</u>	<u>\$605,554</u>	<u>\$666,286</u>	<u>\$3,149,719</u>	<u>\$737,047</u>

Principal and interest requirements to retire the City's Land Contract outstanding at December 31, 2007, are as follows:

Year Ended December 31,	Principal	Interest	Total
2008	\$6,483	\$517	\$7,000
2009	3,863	193	4,056
	<u>\$10,346</u>	<u>\$710</u>	<u>\$11,056</u>

City of Logan, Ohio
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The land contract, originally obtained in the amount of \$35,000 between the City and Jerry Carper, represents land purchased for the future development for recreation projects. The contract will be paid from income tax revenues through the Capital Improvements Fund.

Principal and interest requirements to retire the Sewer Plant Improvements OWDA Loan liability at December 31, 2007, are as follows:

Year Ended December 31,	Principal	Interest	Total
2008	\$335,664	\$58,105	\$393,769
2009	363,557	30,212	393,769
	<u>\$699,221</u>	<u>\$88,317</u>	<u>\$787,538</u>

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

Principal and interest requirements to retire the Sewer Planning OWDA Loan liability at December 31, 2007, are as follows:

Year Ended December 31,	Principal	Interest	Total
2008	\$5,071	\$89	\$5,160
2009	911	26	937
	<u>\$5,982</u>	<u>\$115</u>	<u>\$6,097</u>

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

Principal and interest requirements to retire the Water Enterprise Fund's tax increment financing bonds liabilities at December 31, 2007, are as follows:

Year Ended December 31,	Principal	Interest	Total
2008	\$177,227	\$27,841	\$205,068
2009	185,394	19,675	205,069
2010	193,937	11,132	205,069
2011	54,329	3,663	57,992
2012	10,170	960	11,130
	<u>\$621,057</u>	<u>\$63,271</u>	<u>\$684,328</u>

The tax increment financing bonds, originally issued for \$1,500,000, represents amounts issued for the purpose of improving and extending existing water service lines. The bonds will be repaid by revenue in lieu of property tax through the Water Enterprise Fund.

City of Logan, Ohio
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For the Year Ended December 31, 2007

Principal and interest requirements to retire the City's water revenue bonds outstanding at December 31, 2007, are as follows:

Year Ended December 31,	Principal	Interest	Total
2008	\$114,000	\$46,425	\$160,425
2009	119,700	40,725	160,425
2010	125,700	34,740	160,440
2011	132,000	28,455	160,455
2012	138,700	21,855	160,555
2013-2014	298,400	22,560	320,960
	<u>\$928,500</u>	<u>\$194,760</u>	<u>\$1,123,260</u>

The revenue bonds, originally issued for \$2,000,000, represents amounts borrowed from the Farmer's Home Administration for the purpose of improving the water system. The bonds will be repaid from revenues derived from the operations of the City's water system.

Principal and interest requirements to retire the City's Bio-Solids Housing Loan outstanding at December 31, 2007, are as follows:

Year Ended December 31,	Principal	Interest	Total
2008	\$25,197	\$25,803	\$51,000
2009	26,494	24,506	51,000
2010	27,859	23,141	51,000
2011	29,293	21,707	51,000
2012	30,802	20,198	51,000
2013-2017	179,503	75,497	255,000
2018-2021	166,539	24,158	190,697
	<u>\$485,687</u>	<u>\$215,010</u>	<u>\$700,697</u>

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

Principal and interest requirements to retire the City's sewer revenue bonds outstanding at December 31, 2007, are as follows:

Year Ended December 31,	Principal	Interest	Total
2008	\$30,000	\$13,221	\$43,221
2009	30,000	11,865	41,865
2010	30,000	10,509	40,509
2011	30,000	9,153	39,153
2012	30,000	7,797	37,797
2013-2017	150,000	18,645	168,645
	<u>\$300,000</u>	<u>\$71,190</u>	<u>\$371,190</u>

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

The City has pledged future water customer revenues to repay \$1,500,000 in water tax increment financing bonds issued in 2002 and 2003, and to repay the \$2,000,000 water system revenue bonds issued in 1995. The bonds are payable solely from water customer net revenues and are payable through 2014. Net revenues include all revenues received by the water utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the bonds are expected to require less than 100 percent of net revenues in future years; however, in 2007, principal and interest payments exceeded net revenues. The total principal and interest remaining to be paid on the bonds is \$1,807,588. Principal and interest payments for the current year were \$411,804, net revenues were \$281,128 and total revenues were \$1,390,090.

The City has pledged future sewer customer revenues to repay \$2,794,311 in sewer system OWDA loans obtained in 1992 and 2003, to repay the \$300,000 sewer system revenue bonds issued in 2007, and to repay the \$525,000 loan obtained in 2006. The loans and bonds are payable solely from sewer customer net revenues and are payable through 2021. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the loans and bonds are expected to require less than 100 percent of net revenues in future years. The total principal and interest remaining to be paid on the loans and bonds are \$1,494,332 and \$371,190, respectively. Principal and interest payments for the current year were \$437,546, net revenues were \$503,614 and total revenues were \$1,179,297.

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

The City's overall legal debt margin was \$11,598,485 at December 31, 2007.

Note 14 – Contractual Commitments

As of December 31, 2007, the City had contractual commitments for the Sewer's sludge retention and treatment facility:

Vendor	Fund	Contract Amount	Amount Expended	Balance at 12/31/2007
State Route 328 Sewer Extension	Sewer	\$379,617	\$179,177	\$200,440

Note 15 – Interfund Transactions

The General Fund made transfers to the Section 18 and Recreation Special Revenue Funds in the amounts of \$15,000 and \$22,000, respectively. The transfers were used to move unrestricted revenue collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 16 – Jointly Governed Organizations

A. Hocking Metropolitan Housing Authority

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

B. Hocking County Council on Aging, Incorporated

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

C. Hocking County Regional Planning Commission

The City participates in the Hocking County Regional Planning Commission, which is a statutorily created political subdivision of the State. The Commission is governed by a nine member board composed of the Mayor of the City of Logan, the three Hocking County Commissioners, the County Engineer, the County Sanitarian, and three individuals from the public sector. Each member's control over the operation of the Commission is limited to its representation of the board. The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of Hocking County. In 2007, the City did not contribute any money to the Commission. Continued existence is not dependent on the City's continued participation, no equity interest exists, and no debt is outstanding.

D. Buckeye Hills-Hocking Valley Regional Development District

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

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 17 – Insurance Purchasing Pool

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

Note 18 – Contingent Liabilities

A. Grants

The City received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2007.

B. Litigation

The City is currently not party to any litigation.

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

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

We have audited the accompanying financial statements of the City of Logan, Ohio (the City), as of and for the years ended December 31, 2007, and have issued our report thereon dated June 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the Members of Council, management, and audit committee, and is not intended to be and should not be used by anyone other than these specified parties.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC

June 19, 2008



Mary Taylor, CPA
Auditor of State

**CITY OF LOGAN
HOCKING COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 23, 2008**