

**CITY OF LOGAN
HOCKING COUNTY, OHIO**

Basic Financial Statements
(Audited)

For The Year Ended
December 31, 2011

KIM MILLER, CITY AUDITOR



Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the City of Logan, Hocking County, prepared by Julian & Grube, Inc., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

July 20, 2012

This page intentionally left blank.

**CITY OF LOGAN
HOCKING COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

TABLE OF CONTENTS

Independent Accountants' Report	1 - 2
Management's Discussion and Analysis	4 - 10
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	11
Statement of Activities	12 - 13
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	14
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) - General Fund	18
Statement of Fund Net Assets - Enterprise Funds	19
Statement of Revenues, Expenses and Changes In Fund Net Assets - Enterprise Funds	20
Statement of Cash Flows - Enterprise Funds	21
Statement of Fiduciary Assets and Liabilities - Agency Fund.....	22
Notes to the Basic Financial Statements	23 - 48
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	49 - 50

This page intentionally left blank.



Julian & Grube, Inc.

Serving Ohio Local Governments

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

Independent Accountants' Report

City of Logan
10 South Mulberry Street
Logan, Ohio 43138

To the Members of Council and Mayor:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Hocking County, Ohio, as of and for the year ended December 31, 2011, which collectively comprise the City of Logan's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Logan's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Franklin County, Ohio, as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2011, the City of Logan adopted the provisions of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2012, on our consideration of the City of Logan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Members of Council and Mayor
City of Logan
Page Two

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 1, 2012

THIS PAGE INTENTIONALLY LEFT BLANK

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
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, 2011. 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 2011 are as follows:

- In total, net assets increased \$172,276. Net assets of governmental activities increased \$170,521 from 2010. Net assets of business-type activities increased \$1,755 from 2010.
- In total, assets increased \$2,604,646. Governmental activities increased \$98,133; the business-type activities assets increased \$2,506,513.
- Overall, capital assets increased \$2,514,596. Total capital assets of governmental activities increased \$216,596, or 3.0 percent. Capital assets of business-type activities increased \$2,298,000, or 19.2 percent.
- In total, liabilities increased \$2,432,370. Total liabilities of governmental activities decreased \$72,388. Total liabilities of business-type activities increased \$2,504,758 from 2010.

USING THIS ANNUAL FINANCIAL REPORT

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

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

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

Reporting the City of Logan as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

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

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

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

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

Reporting the City of Logan's Most Significant Funds

Fund Financial Statements

The basic governmental fund financial statements begin on page 16. Fund financial reports provide detailed information about the City's major funds. Based upon restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Logan, our major funds are the General, 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, 2011
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 2011 compared to 2010.

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current and Other Assets	\$3,734,696	\$3,853,159	\$1,507,275	\$1,298,762	\$5,241,971	\$5,151,921
Capital Assets, Net	7,390,514	7,173,918	14,265,009	11,967,009	21,655,523	19,140,927
<i>Total Assets</i>	<u>11,125,210</u>	<u>11,027,077</u>	<u>15,772,284</u>	<u>13,265,771</u>	<u>26,897,494</u>	<u>24,292,848</u>
Liabilities						
Current and Other Liabilities	674,982	661,281	846,657	126,560	1,521,639	787,841
Long-Term Liabilities:						
Due within One Year	222,975	215,045	229,184	286,295	452,159	501,340
Due in More than One Year	504,063	598,082	3,421,135	1,579,363	3,925,198	2,177,445
<i>Total Liabilities</i>	<u>1,402,020</u>	<u>1,474,408</u>	<u>4,496,976</u>	<u>1,992,218</u>	<u>5,898,996</u>	<u>3,466,626</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	6,939,467	6,660,395	10,764,073	10,237,592	17,703,540	16,897,987
Restricted for:						
Perpetual Care:						
Non-Expendable	65,034	65,034	0	0	65,034	65,034
Police	29,279	35,515	0	0	29,279	35,515
Fire	61,863	84,011	0	0	61,863	84,011
Transportation	169,408	188,812	0	0	169,408	188,812
Recreation	26,253	23,549	0	0	26,253	23,549
Capital Projects	379,883	425,896	0	0	379,883	425,896
Other Purposes	564,310	636,776	0	0	564,310	636,776
Unrestricted	1,487,693	1,432,681	511,235	1,035,961	1,998,928	2,468,642
<i>Total Net Assets</i>	<u>\$9,723,190</u>	<u>\$9,552,669</u>	<u>\$11,275,308</u>	<u>\$11,273,553</u>	<u>\$20,998,498</u>	<u>\$20,826,222</u>

Total governmental activities assets increased \$98,437. This is the result of capital assets increasing \$216,596, due to the purchase of the City's new energy-efficient street sweeper. This was offset by a decrease in intergovernmental receivables of \$115,933, which is the result of the continued drawdown of Housing Investment Partnership and Community Housing Improvement Program monies.

Total governmental activities liabilities decreased \$72,388. Long-term liabilities decreased \$86,089 due to continued debt service payments made by the City. Current and other liabilities increased \$13,701, attributable to increases in accrued wages payable.

Total business-type activities assets increased \$2,506,513. This is attributable to increases in cash and cash equivalents and capital assets of \$252,725 and \$2,298,000, respectively, and a decrease in payments in lieu of taxes receivable of \$72,000. The increases in cash and cash equivalents and capital assets are due to the City's continued construction of a new wastewater treatment facility. The decrease in payments in lieu of taxes receivables results from the retirement of the debt associated with the City's enterprise zone agreements.

For business-type activities, liabilities increased \$2,504,758, the result of contracts payable, retainage payable, and long-term liabilities increasing \$521,078, \$209,536, and \$1,784,661, respectively. These increases are also the result of the City's continued construction of a new wastewater treatment facility.

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

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

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues						
Charges for Services	\$386,286	\$320,760	\$2,672,479	\$2,691,811	\$3,058,765	\$3,012,571
Operating Grants, Contributions and Interest	639,382	580,851	0	0	639,382	580,851
Capital Grants and Contributions	313,496	456,468	12,608	65,560	326,104	522,028
<i>Total Program Revenues</i>	<u>1,339,164</u>	<u>1,358,079</u>	<u>2,685,087</u>	<u>2,757,371</u>	<u>4,024,251</u>	<u>4,115,450</u>
General Revenues						
Property Taxes	463,237	472,617	0	0	463,237	472,617
Income Taxes	2,675,472	2,699,364	0	0	2,675,472	2,699,364
Grants and Entitlements	505,904	409,432	0	0	505,904	409,432
Interest	6,622	20,762	0	0	6,622	20,762
Other	25,066	55,913	3,004	15,303	28,070	71,216
<i>Total General Revenues</i>	<u>3,676,301</u>	<u>3,658,088</u>	<u>3,004</u>	<u>15,303</u>	<u>3,679,305</u>	<u>3,673,391</u>
Total Revenues	<u>5,015,465</u>	<u>5,016,167</u>	<u>2,688,091</u>	<u>2,772,674</u>	<u>7,703,556</u>	<u>7,788,841</u>
Program Expenses						
General Government	811,386	916,475	0	0	811,386	916,475
Security of Persons and Property:						
Police	1,786,302	1,684,449	0	0	1,786,302	1,684,449
Fire	828,033	849,899	0	0	828,033	849,899
Transportation	711,196	723,373	0	0	711,196	723,373
Public Health Services	346,183	295,212	0	0	346,183	295,212
Leisure Time Activities	135,262	101,161	0	0	135,262	101,161
Community Environment	206,536	111,878	0	0	206,536	111,878
Basic Utility Services	2,232	2,226	0	0	2,232	2,226
Interest and Fiscal Charges	17,814	15,985	0	0	17,814	15,985
Water	0	0	1,294,136	1,351,226	1,294,136	1,351,226
Sewer	0	0	1,392,200	1,097,481	1,392,200	1,097,481
<i>Total Program Expenses</i>	<u>4,844,944</u>	<u>4,700,658</u>	<u>2,686,336</u>	<u>2,448,707</u>	<u>7,531,280</u>	<u>7,149,365</u>
<i>Increase in Net Assets</i>	170,521	315,509	1,755	323,967	172,276	639,476
<i>Net Assets at Beginning of Year</i>	<u>9,552,669</u>	<u>9,237,160</u>	<u>11,273,553</u>	<u>10,949,586</u>	<u>20,826,222</u>	<u>20,186,746</u>
<i>Net Assets at End of Year</i>	<u>\$9,723,190</u>	<u>\$9,552,669</u>	<u>\$11,275,308</u>	<u>\$11,273,553</u>	<u>\$20,998,498</u>	<u>\$20,826,222</u>

Governmental Activities

Program revenues accounted for 26.7 percent of total revenues for governmental activities in 2011. 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 99.1 percent of general revenues and 72.7 percent of total revenues.

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

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Security of persons and property is a major activity of the City, generating 54.0 percent of the governmental expenses. During 2011, expenses for police and fire operations amounted to \$1,786,302 and \$828,033, 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 14.7 percent of governmental expenses.

General government, public health, parks and recreation, community environment, interest and fiscal charges and basic utility service activities account for the remaining 31.3 percent of governmental expenditures.

During the year, the City experienced changes in the following: a 3.8 percent increase in employee insurance costs, a 1.3 percent decrease in personnel costs, and increases in utility and fuel costs.

Business-Type Activities

The City's business-type activities are composed of water and sewer operations and are funded almost entirely from charges for services. During 2011, program expenses exceed program revenues by \$1,249 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 \$11.78 and \$11.74, respectively, for the first 2,000 gallons. Water and sewer rates for two surrounding communities are \$13.19 and \$15.28 for water and \$17.42 and \$9.66 for sewer.

THE CITY'S FUNDS

The City's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$5,213,825 and expenditures of \$5,241,574.

The fund balance of the General Fund increased \$109,815. The General Fund's balance of \$1,386,691 represented 40.7 percent of current year expenditures. Most of this balance remains in the City's treasury.

The fund balance of the Capital Improvements Capital Projects fund decreased \$44,996. The Capital Improvement Fund's balance of \$297,953 represented more than 44.0 percent of current year expenditures.

During 2011, the Water Fund had operating revenues of \$1,351,220 and operating expenses of \$1,228,713. The Sewer Fund had operating revenues of \$1,324,263 and operating expenses of \$1,331,048. Water and sewer rates last increased 3 percent on July 1, 2011.

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 2011, the City amended its General Fund budget several times, none were significant. All recommendations for a budget change came from the City Auditor to the Finance Committee of Council for review before going to the whole Council for Ordinance enactment on the change. The allocation of appropriations among the objects within a fund may be modified during the year by the City Auditor without an ordinance of Council. With the General Fund supporting many of our major activities such as our police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely by looking for possible revenue shortfalls or overspending by individual departments.

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

For the General Fund, there were no changes made to initial budgeted revenues of \$3,316,100. Final budgeted expenditures were increased \$66,501 over the original amount. The City of Logan's ending unencumbered cash balance in the General Fund was \$396,605 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, 2011
 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$982,863	\$982,863	\$216,600	\$216,600	\$1,199,463	\$1,199,463
Construction in Progress	70,060	0	3,232,677	591,500	3,302,737	591,500
Land Improvements	2,181,349	2,258,071	2,369	3,954	2,183,718	2,262,025
Buildings and Improvements	943,939	981,888	0	0	943,939	981,888
Furniture, Fixtures, and Equipment	546,118	542,848	345,978	363,866	892,096	906,714
Vehicles	1,103,847	939,795	2,501	9,935	1,106,348	949,730
Infrastructure:						
City Streets	1,447,055	1,347,815	0	0	1,447,055	1,347,815
Street Signals	115,283	120,638	0	0	115,283	120,638
Water System	0	0	3,343,522	3,446,040	3,343,522	3,446,040
Sewer System	0	0	7,121,362	7,335,114	7,121,362	7,335,114
Totals	\$7,390,514	\$7,173,918	\$14,265,009	\$11,967,009	\$21,655,523	\$19,140,927

The assets of the City are reported at historical cost, net of depreciation. For additional information on capital assets, see Note 12 to the basic financial statements.

Debt

The City had four bond issues, as well as various loans, and two capital leases payable at December 31, 2011, totaling \$3,951,983, of which \$311,493 is due within one year. Of the City's outstanding bonds, one is for water system improvements, one for sewer extensions, one for energy conservation, and one for the purchase of a street sweeper. In addition, the City has one outstanding Ohio Water Development Authority Loan for a new wastewater treatment facility; a Bio Solid Housing Loan for sewer sludge retention and treatment; and capital leases for the purchase of a fire truck and fire equipment.

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

(Table 4)
 Outstanding Debt at December 31, 2011

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Water Revenue Bonds	\$0	\$0	\$437,100	\$569,100	\$437,100	\$569,100
Water Tax Incremental						
Financing Bonds	0	0	0	28,452	0	28,452
OWDA Loans	0	0	2,620,827	425,500	2,620,827	425,500
Bio Solid Housing Loan	0	0	334,376	392,541	334,376	392,541
Sewer Revenue Bonds	0	0	0	194,840	0	194,840
Energy Conservation Bonds	216,907	237,575	108,633	118,984	325,540	356,559
General Obligation Bonds	93,990	0	0	0	93,990	0
Capital Leases	140,150	275,948	0	0	140,150	275,948
Totals	\$451,047	\$513,523	\$3,500,936	\$1,729,417	\$3,951,983	\$2,242,940

The water revenue bond and a portion of the energy conservation bond are being paid from charges for services and payments in lieu of taxes revenue in the Water Fund. The sewer revenue bond, the OWDA loan, and the Bio Solid Housing Loan are being paid from charges for services in the Sewer Fund. The General Fund portion of the energy conservation bonds will be paid from income tax receipts. 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 \$11,380,537 at December 31, 2011. For additional information on the City's debt, see Notes 16 and 18 to the basic financial statements.

CURRENT ISSUES

As the preceding information shows, the City depends heavily on its taxpayers and grants and entitlements. Stress on the City's finances is ongoing. However, infrastructure improvements and upgrades are continuing. Improvements such as the construction of new wastewater treatment facility, which is scheduled to be completed in 2012, it is imperative that the City of Logan continues to tighten spending to better bring expenses in line with revenues, and carefully watch financial planning if the City hopes to remain on firm financial footing.

CONTACTING THE CITY AUDITOR'S DEPARTMENT

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

City of Logan, Ohio
Statement of Net Assets
December 31, 2011

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,706,728	\$1,057,145	\$2,763,873
Investments in Segregated Accounts	65,034	0	65,034
Accrued Interest Receivable	215	0	215
Intergovernmental Receivable	549,880	187	550,067
Accounts Receivable	8,794	449,943	458,737
Income Taxes Receivable	614,347	0	614,347
Property Taxes Receivable	436,968	0	436,968
Loans Receivable	352,730	0	352,730
Nondepreciable Capital Assets	1,052,923	3,449,277	4,502,200
Depreciable Capital Assets, Net	6,337,591	10,815,732	17,153,323
<i>Total Assets</i>	<u>11,125,210</u>	<u>15,772,284</u>	<u>26,897,494</u>
Liabilities			
Accounts Payable	52,748	38,837	91,585
Contracts Payable	14,701	526,812	541,513
Accrued Wages Payable	51,922	19,204	71,126
Accrued Interest Payable	1,185	21,593	22,778
Intergovernmental Payable	150,795	30,675	181,470
Retainage Payable	0	209,536	209,536
Deferred Revenue	403,631	0	403,631
Long-Term Liabilities:			
Due within One Year	222,975	229,184	452,159
Due in More than One Year	504,063	3,421,135	3,925,198
<i>Total Liabilities</i>	<u>1,402,020</u>	<u>4,496,976</u>	<u>5,898,996</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	6,939,467	10,764,073	17,703,540
Restricted for:			
Perpetual Care:			
Non-Expendable	65,034	0	65,034
Police	29,279	0	29,279
Fire	61,863	0	61,863
Transportation	169,408	0	169,408
Recreation	26,253	0	26,253
Capital Projects	379,883	0	379,883
Other Purposes	564,310	0	564,310
Unrestricted	1,487,693	511,235	1,998,928
<i>Total Net Assets</i>	<u>\$9,723,190</u>	<u>\$11,275,308</u>	<u>\$20,998,498</u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
Statement of Activities
For the Year Ended December 31, 2011

	Expenses	Charges for Services	Program Revenues Operating Grants, Contributions, and Interest
Governmental Activities			
General Government	\$811,386	\$48,154	\$0
Security of Persons and Property:			
Police	1,786,302	68,224	95,368
Fire	828,033	148,360	40,121
Transportation	711,196	0	344,604
Public Health Services	346,183	58,462	453
Leisure Time Activities	135,262	63,086	39,551
Community Environment	206,536	0	119,285
Basic Utility Services	2,232	0	0
Interest and Fiscal Charges	17,814	0	0
<i>Total Governmental Activities</i>	<u>4,844,944</u>	<u>386,286</u>	<u>639,382</u>
Business-Type Activities			
Water	1,294,136	1,349,655	0
Sewer	1,392,200	1,322,824	0
<i>Total Business-Type Activities</i>	<u>2,686,336</u>	<u>2,672,479</u>	<u>0</u>
<i>Totals</i>	<u><u>\$7,531,280</u></u>	<u><u>\$3,058,765</u></u>	<u><u>\$639,382</u></u>

General Revenues

Property Taxes Levied for:

 General Purposes

 Police

 Fire

Income Taxes Levied for:

 General Purposes

 Capital Improvements

Grants and Entitlements not Restricted to Specific Programs

Interest

Other

Total General Revenues

Change in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year

Net (Expense) Revenue and Changes in Net Assets			
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$274,851	(\$488,381)	\$0	(\$488,381)
38,645	(1,584,065)	0	(1,584,065)
0	(639,552)	0	(639,552)
0	(366,592)	0	(366,592)
0	(287,268)	0	(287,268)
0	(32,625)	0	(32,625)
0	(87,251)	0	(87,251)
0	(2,232)	0	(2,232)
0	(17,814)	0	(17,814)
313,496	(3,505,780)	0	(3,505,780)
12,608	0	68,127	68,127
0	0	(69,376)	(69,376)
12,608	0	(1,249)	(1,249)
<u>\$326,104</u>	<u>(3,505,780)</u>	<u>(1,249)</u>	<u>(3,507,029)</u>
	201,487	0	201,487
	29,876	0	29,876
	231,874	0	231,874
	2,407,925	0	2,407,925
	267,547	0	267,547
	505,904	0	505,904
	6,622	0	6,622
	25,066	3,004	28,070
	<u>3,676,301</u>	<u>3,004</u>	<u>3,679,305</u>
	170,521	1,755	172,276
	<u>9,552,669</u>	<u>11,273,553</u>	<u>20,826,222</u>
	<u>\$9,723,190</u>	<u>\$11,275,308</u>	<u>\$20,998,498</u>

City of Logan, Ohio

Balance Sheet

Governmental Funds

December 31, 2011

	General	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,178,354	\$267,112	\$261,262	\$1,706,728
Investments in Segregated Accounts	0	0	65,034	65,034
Receivables:				
Accrued Interest	165	0	50	215
Intergovernmental	218,316	8,922	322,642	549,880
Accounts	8,794	0	0	8,794
Income Taxes	552,913	61,434	0	614,347
Property Taxes	180,633	0	256,335	436,968
Loans	0	0	352,730	352,730
<i>Total Assets</i>	<u>\$2,139,175</u>	<u>\$337,468</u>	<u>\$1,258,053</u>	<u>\$3,734,696</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$44,676	\$7,429	\$643	\$52,748
Contracts Payable	0	0	14,701	14,701
Accrued Wages Payable	46,514	0	5,408	51,922
Intergovernmental Payable	139,351	42	11,402	150,795
Deferred Revenue	521,943	32,044	552,184	1,106,171
<i>Total Liabilities</i>	<u>752,484</u>	<u>39,515</u>	<u>584,338</u>	<u>1,376,337</u>
Fund Balances				
Nonspendable	0	0	386,114	386,114
Restricted	0	297,953	287,601	585,554
Assigned	65,833	0	0	65,833
Unassigned	1,320,858	0	0	1,320,858
<i>Total Fund Balances</i>	<u>1,386,691</u>	<u>297,953</u>	<u>673,715</u>	<u>2,358,359</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,139,175</u>	<u>\$337,468</u>	<u>\$1,258,053</u>	<u>\$3,734,696</u>

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, 2011*

Total Governmental Fund Balances		\$2,358,359
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,390,514
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:		
Property Taxes	31,851	
Income Taxes	231,222	
Intergovernmental Revenues	439,467	702,540
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Leases Payable	(140,150)	
Energy Conservation Bonds Payable	(216,907)	
General Obligation Bonds Payable	(93,990)	
Accrued Interest Payable	(1,185)	
Compensated Absences Payable	(275,991)	(728,223)
 <i>Net Assets of Governmental Activities</i>		 <u><u>\$9,723,190</u></u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$199,570	\$0	\$258,965	\$458,535
Income Taxes	2,451,856	272,428	0	2,724,284
Intergovernmental	609,518	265,992	689,958	1,565,468
Charges for Services	189,983	0	137,231	327,214
Fines, Licenses, and Permits	56,749	0	1,311	58,060
Interest	6,617	12	458	7,087
Donations	100	0	39,836	39,936
Other	26,107	0	7,134	33,241
<i>Total Revenues</i>	<u>3,540,500</u>	<u>538,432</u>	<u>1,134,893</u>	<u>5,213,825</u>
Expenditures				
Current:				
General Government	587,989	184,377	0	772,366
Security of Persons and Property:				
Police	1,652,892	0	90,146	1,743,038
Fire	581,392	0	152,964	734,356
Transportation	231,806	0	390,428	622,234
Public Health Services	312,705	0	171	312,876
Leisure Time Activities	0	0	109,933	109,933
Community Environment	10,835	0	195,701	206,536
Basic Utility Services	2,232	0	0	2,232
Capital Outlay	0	493,041	70,727	563,768
Debt Service:				
Principal Retirement	20,668	0	135,798	156,466
Interest and Fiscal Charges	10,166	0	7,603	17,769
<i>Total Expenditures</i>	<u>3,410,685</u>	<u>677,418</u>	<u>1,153,471</u>	<u>5,241,574</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>129,815</u>	<u>(138,986)</u>	<u>(18,578)</u>	<u>(27,749)</u>
Other Financing Sources (Uses)				
Transfers In	0	0	20,000	20,000
Bond Proceeds	0	93,990	0	93,990
Transfers Out	(20,000)	0	0	(20,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(20,000)</u>	<u>93,990</u>	<u>20,000</u>	<u>93,990</u>
<i>Net Change in Fund Balance</i>	109,815	(44,996)	1,422	66,241
<i>Fund Balances at Beginning of Year</i>	<u>1,276,876</u>	<u>342,949</u>	<u>672,293</u>	<u>2,292,118</u>
<i>Fund Balances at End of Year</i>	<u>\$1,386,691</u>	<u>\$297,953</u>	<u>\$673,715</u>	<u>\$2,358,359</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, 2011*

Net Change in Fund Balances - Total Governmental Funds \$66,241

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

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

Capital Assets Additions	621,300	
Depreciation Expense	<u>(404,704)</u>	216,596

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

Property Taxes	4,702	
Income Taxes	(48,812)	
Intergovernmental	(145,462)	
Charges for Services	(613)	
Other Revenue	<u>(8,175)</u>	(198,360)

Repayments of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 156,466

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, interest is expended when due. (45)

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

Bond Proceeds		(93,990)
---------------	--	----------

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

Compensated Absences		<u>23,613</u>
----------------------	--	---------------

Change in Net Assets of Governmental Activities \$170,521

See accompanying notes to the basic financial statements

City of Logan, Ohio
*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$222,792	\$222,792	\$200,213	(\$22,579)
Income Taxes	2,395,000	2,395,000	2,465,523	70,523
Intergovernmental	460,408	460,408	577,258	116,850
Charges for Services	155,100	155,100	190,011	34,911
Fines, Licenses, and Permits	53,900	53,900	58,477	4,577
Interest	20,000	20,000	6,888	(13,112)
Donations	1,450	1,450	100	(1,350)
Other	7,450	7,450	55,531	48,081
<i>Total Revenues</i>	<u>3,316,100</u>	<u>3,316,100</u>	<u>3,554,001</u>	<u>237,901</u>
Expenditures				
Current:				
General Government	601,416	615,508	586,218	29,290
Security of Persons and Property:				
Police	1,779,910	1,821,169	1,733,956	87,213
Fire	605,698	601,542	590,392	11,150
Transportation	248,652	256,891	242,368	14,523
Public Health Services	329,218	336,862	320,898	15,964
Community Environment	11,204	11,485	10,921	564
Basic Utilities	2,290	2,232	2,232	0
Debt Service:				
Principal Retirement	21,204	20,668	20,668	0
Interest and Fiscal Charges	10,430	10,166	10,166	0
<i>Total Expenditures</i>	<u>3,610,022</u>	<u>3,676,523</u>	<u>3,517,819</u>	<u>158,704</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(293,922)</u>	<u>(360,423)</u>	<u>36,182</u>	<u>396,605</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(313,922)</u>	<u>(380,423)</u>	<u>16,182</u>	<u>396,605</u>
<i>Fund Balance at Beginning of Year</i>	<u>966,184</u>	<u>966,184</u>	<u>966,184</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>109,018</u>	<u>109,018</u>	<u>109,018</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$761,280</u>	<u>\$694,779</u>	<u>\$1,091,384</u>	<u>\$396,605</u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
Statement of Fund Net Assets
Enterprise Funds
December 31, 2011

	Water	Sewer	Total Enterprise Funds
Assets			
Current :			
Equity in Pooled Cash and Cash Equivalents	\$375,304	\$681,841	\$1,057,145
Intergovernmental Receivable	0	187	187
Accounts Receivable	226,601	223,342	449,943
<i>Total Current Assets</i>	<u>601,905</u>	<u>905,370</u>	<u>1,507,275</u>
Noncurrent:			
Nondepreciable Capital Assets	84,000	3,365,277	3,449,277
Depreciable Capital Assets, Net	3,537,217	7,278,515	10,815,732
<i>Total Noncurrent Assets</i>	<u>3,621,217</u>	<u>10,643,792</u>	<u>14,265,009</u>
<i>Total Assets</i>	<u>4,223,122</u>	<u>11,549,162</u>	<u>15,772,284</u>
Liabilities			
Current:			
Accounts Payable	24,574	14,263	38,837
Contracts Payable	16,300	510,512	526,812
Accrued Wages Payable	11,237	7,967	19,204
Accrued Interest Payable	12,252	9,341	21,593
Intergovernmental Payable	15,426	15,249	30,675
Retainage Payable	0	209,536	209,536
General Obligation Bonds Payable	10,806	0	10,806
Revenue Bonds Payable	138,700	0	138,700
OWDA Loans Payable	0	32,765	32,765
Compensated Absences Payable	23,605	23,308	46,913
<i>Total Current Liabilities</i>	<u>252,900</u>	<u>822,941</u>	<u>1,075,841</u>
Long-Term:			
General Obligation Bonds Payable	97,827	0	97,827
Revenue Bonds Payable	298,400	0	298,400
OWDA Loans Payable	0	2,620,827	2,620,827
Loans Payable	0	301,611	301,611
Compensated Absences Payable	40,768	61,702	102,470
<i>Total Long-Term Liabilities</i>	<u>436,995</u>	<u>2,984,140</u>	<u>3,421,135</u>
<i>Total Liabilities</i>	<u>689,895</u>	<u>3,807,081</u>	<u>4,496,976</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	3,075,484	7,688,589	10,764,073
Unrestricted	457,743	53,492	511,235
<i>Total Net Assets</i>	<u>\$3,533,227</u>	<u>\$7,742,081</u>	<u>\$11,275,308</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, 2011

	Water	Sewer	Total Enterprise Funds
Operating Revenues			
Charges for Services	\$1,349,655	\$1,322,824	\$2,672,479
Other Operating Revenues	1,565	1,439	3,004
<i>Total Operating Revenues</i>	<u>1,351,220</u>	<u>1,324,263</u>	<u>2,675,483</u>
Operating Expenses			
Salaries and Wages	457,477	403,568	861,045
Fringe Benefits	235,881	199,658	435,539
Contractual Services	143,958	202,757	346,715
Materials and Supplies	247,325	284,325	531,650
Depreciation	143,572	240,740	384,312
Other Operating Expenses	500	0	500
<i>Total Operating Expenses</i>	<u>1,228,713</u>	<u>1,331,048</u>	<u>2,559,761</u>
<i>Operating Income (Loss)</i>	122,507	(6,785)	115,722
Non-Operating Expenses			
Interest and Fiscal Charges	<u>(65,423)</u>	<u>(61,152)</u>	<u>(126,575)</u>
<i>Income (Loss) Before Contributions</i>	57,084	(67,937)	(10,853)
Capital Contributions	<u>12,608</u>	<u>0</u>	<u>12,608</u>
<i>Change in Net Assets</i>	69,692	(67,937)	1,755
<i>Net Assets at Beginning of Year</i>	<u>3,463,535</u>	<u>7,810,018</u>	<u>11,273,553</u>
<i>Net Assets at End of Year</i>	<u><u>\$3,533,227</u></u>	<u><u>\$7,742,081</u></u>	<u><u>\$11,275,308</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, 2011

	Water	Sewer	Total Enterprise Funds
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	\$1,369,447	\$1,305,883	\$2,675,330
Cash Payments for Employee Services and Benefits	(690,250)	(597,315)	(1,287,565)
Cash Payments to Suppliers for Goods and Services	(403,132)	(483,487)	(886,619)
Other Operating Revenues	8,938	5,731	14,669
Other Operating Expenses	(500)	0	(500)
<i>Net Cash Provided by Operating Activities</i>	<u>284,503</u>	<u>230,812</u>	<u>515,315</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(14,406)	(1,937,292)	(1,951,698)
Proceeds of Loans	0	2,645,969	2,645,969
Principal Paid on Debt	(170,803)	(703,647)	(874,450)
Interest and Fiscal Charges	(69,112)	(55,603)	(124,715)
Capital Contributions	42,304	0	42,304
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(212,017)</u>	<u>(50,573)</u>	<u>(262,590)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	72,486	180,239	252,725
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>302,818</u>	<u>501,602</u>	<u>804,420</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$375,304</u></u>	<u><u>\$681,841</u></u>	<u><u>\$1,057,145</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
<i>Operating Income (Loss)</i>	\$122,507	(\$6,785)	\$115,722
<i>Adjustments:</i>			
Depreciation	143,572	240,740	384,312
(Increase) Decrease in Assets:			
Accounts Receivable	27,165	(12,649)	14,516
Increase (Decrease) in Liabilities:			
Accounts Payable	(11,849)	532	(11,317)
Accrued Wages Payable	3,272	1,711	4,983
Compensated Absences Payable	6,235	6,907	13,142
Intergovernmental Payable	(6,399)	356	(6,043)
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$284,503</u></u>	<u><u>\$230,812</u></u>	<u><u>\$515,315</u></u>

Non-Cash Transactions:

At December 31, 2011 and December 31, 2010 the water fund purchased \$16,300 and \$5,734, respectively, in capital assets on account.

At December 31, 2011 the sewer fund purchased \$720,048 in capital assets on account.

See accompanying notes to the basic financial statements

City of Logan, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2011

Assets

Cash and Cash Equivalents in Segregated Accounts	<u><u>\$23</u></u>
--	--------------------

Liabilities

Due to Others	<u><u>\$23</u></u>
---------------	--------------------

See accompanying notes to the basic financial statements

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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. These organizations are presented in Note 11 to the Basic Financial Statements. The organizations are:

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

Note 2 – Summary of Significant Accounting Policies

The financial statements of the City of Logan have been prepared in conformity to accounting principles generally accepted in the United States of America (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, 2011

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.

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).

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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 (expenditures) 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, 2011

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 7). Revenue from grants, entitlements and donations are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: municipal income taxes, hotel taxes, 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, 2011, but which were levied to finance year 2012 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, 2011

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, and within each department, personal services and other.

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 2011, investments were limited to STAR Ohio and certificates of deposit. Certificates of deposit are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold for on December 31, 2011.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest is credited to the General Fund, the Capital Improvements Capital Projects Fund, and the Cemetery Special Revenue Fund. Interest revenue credited to the General Fund during 2011 amounted to \$6,617, which includes \$3,854 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. The City has investments in Segregated Accounts related to the Cemetery Endowment fund.

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, 2011

G. Capital Assets

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

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

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

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

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

H. Compensated Absences

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

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

I. Contributions of Capital

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

J. Fund Balance

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

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

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions or enabling legislation (City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

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

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

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

K. Interfund Activity

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

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

L. Accrued Liabilities and Long-Term Liabilities

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

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

M. Estimates

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

N. Net Assets

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

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

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

O. Operating Revenues and Expenses

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

P. Extraordinary and Special Items

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

Note 3 – Changes in Accounting Principles

For 2011, the City has implemented Governmental Accounting Standards Board (GASB) Statement No.54, “Fund Balance Reporting and Governmental Fund Type Definitions”. GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement did not result in any changes to the City’s financial statements.

Note 4 – Fund Balances

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

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

Fund Balances	General Fund	Capital Improvements Fund	Other Governmental Funds	Total
Nonspendable:				
Loans	\$0	\$0	\$321,080	\$321,080
Endowments	0	0	65,034	65,034
<i>Total Nonspendable</i>	<u>0</u>	<u>0</u>	<u>386,114</u>	<u>386,114</u>
Restricted for:				
Street Improvements	0	0	66,803	\$66,803
Law Enforcement	0	0	25,015	25,015
Fire Protection	0	0	80,300	80,300
Parks and Recreation	0	0	26,253	26,253
Community Development	0	0	50,592	50,592
Cemeteries	0	0	38,638	38,638
Capital Improvements	0	297,953	0	297,953
<i>Total Restricted</i>	<u>0</u>	<u>297,953</u>	<u>287,601</u>	<u>585,554</u>
Assigned to:				
Other Purposes	65,833	0	0	65,833
Unassigned:	<u>1,320,858</u>	<u>0</u>	<u>0</u>	<u>1,320,858</u>
<i>Total Fund Balances</i>	<u><u>\$1,386,691</u></u>	<u><u>\$297,953</u></u>	<u><u>\$673,715</u></u>	<u><u>\$2,358,359</u></u>

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 5 – Budgetary Basis of Accounting

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

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

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

Net Change in Fund Balance	
	General
GAAP Basis	\$109,815
Revenue Accruals	13,501
Expenditure Accruals	(20,164)
Encumbrances	(86,970)
Budget Basis	\$16,182

Note 6 – Deposits and Investments

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

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

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

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

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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 provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio); and,
8. Securities lending agreements in which the City lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
9. Up to twenty-five percent of the City's average portfolio in either of the following:
 - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase.
 - b. bankers acceptances eligible for purchase by the federal reserve system and which mature within 180 days after purchase;
10. Fifteen percent of the City's average portfolio in notes issued by U.S. corporations or by depository institutions that are doing business under authority granted by the U.S. provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and,
12. One percent of the City's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Other than corporate notes, commercial paper, and bankers' acceptances, an investment must mature within five years from the date of settlement unless matched to a specific obligation or debt of the City. Investments must be purchased with the expectation that they will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the carrying amount of the City's deposits was \$2,696,780 and the bank balance was \$2,811,404. Of the bank balance, \$841,161 was covered by Federal depository insurance and \$1,970,243 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

Investments As of December 31, 2011, the City's investment in STAR Ohio had an average maturity of fifty-seven days and a fair value of \$125,637. The City has no investment policy beyond State statute that requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity.

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

Note 7 – Receivables

Receivables at December 31, 2011, consisted primarily of municipal income taxes, property 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 \$14,360 and \$338,370 are reported in the Economic Development and Community Development Block Grant Special Revenue Funds, respectively, and represent low interest loans for development projects granted to eligible businesses and homeowners under the Federal Economic Development Assistance and the Community Development Block Grant Programs. The amount not scheduled for collection during the subsequent year is \$321,080. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received in 2011 for real and public utility property taxes represent collections of 2010 taxes.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Real property taxes received in 2011 were levied after October 1, 2010, on the assessed values as of January 1, 2010, the lien date. Real property taxes which were levied in 2011 are collected in and intended to finance 2012. Assessed values for real property taxes are established by State law at thirty-five percent of the appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, the State statute permits alternative payment dates to be established.

Public utility property tax revenues received in 2011 represent the collection of 2010 taxes. Public utility property taxes received in 2011 became a lien on December 31, 2009, were levied after October 1, 2010, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The full tax rate for all City operations for the year ended December 31, 2011, was \$4.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2011 property tax receipts were based are as follows:

Real Property	\$107,559,910
Public Utility Real Property	18,100
Public Utility Tangible Personal Property	<u>3,768,980</u>
Total Assessed Value	<u><u>\$111,346,990</u></u>

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 public utility property taxes and outstanding delinquencies which are measurable as of December 31, 2011, 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 2011 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the 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, 2011

C. Intergovernmental Receivable

A summary of intergovernmental receivables follows:

Governmental Activities:	
Local Government	\$128,644
Estate Tax	49,406
Kilowatt Per Hour	220
Homestead and Rollback	29,362
Gasoline Tax	121,305
Motor Vehicle License Tax	27,438
Permissive Tax	2,411
State Electric Light	309
School Resource Officer Grant	23,906
Community Development Block Grants	154,000
Ohio Dept. of Natural Resources Pool Grant	8,891
Miscellaneous	3,988
Total Governmental Activities	<u>549,880</u>
Business-Type Activities:	
Miscellaneous	187
Total Business-Type Activities	<u>187</u>
Total Intergovernmental Receivables	<u><u>\$550,067</u></u>

Note 8 – Contractual Commitments

As of December 31, 2011, the City had the following contractual commitments for the construction of its new wastewater treatment plant:

Vendor	Fund	Contract Amount	Amount Expended	Balance at 12/31/2011
URS Corporation	Sewer	\$1,085,200	\$796,490	\$288,710
Mechanical Construction Co., Inc.	Sewer	\$8,287,005	\$2,409,669	\$5,877,336
Miscellaneous	Sewer	26,518	26,518	0
Totals		<u>\$9,398,723</u>	<u>\$3,232,677</u>	<u>\$6,166,046</u>

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 9 – Risk Management

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:

<u>Property and Liability</u>	<u>Deductible</u>	<u>Limits of Coverage</u>
Buildings and Contents	\$500	\$23,006,403
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	1,000,000
Umbrella Coverage	0	1,000,000
Vehicles:		
Automobile Liability	500	1,000,000
Uninsured Motorist	0	1,000,000
General Liability Per Occurrence	0	1,000,000
General Liability Aggregate Limit	0	2,000,000

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

Note 10 – Transfers

The General Fund made transfers to the Section 18 and Recreation Special Revenue Funds in the amount of \$10,000 in each fund. 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 11 – Jointly Governed Organizations

A. Hocking Metropolitan Housing Authority

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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 2011, the City did not contribute any money to the Commission. Continued existence is not dependent on the City's continued participation, no equity interest exists, and no debt is outstanding.

D. Buckeye Hills-Hocking Valley Regional Development District

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

The District administers County Community Development Block Grant and Issue II monies. The continued existence of the District is not dependent on the City's continued participation and no equity interest exists. In 2011, the City did not contribute any money to the District.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 12 – Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:

	Balance at 12/31/10	Additions	Deductions	Balance at 12/31/11
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$982,863	\$0	\$0	\$982,863
Construction in Progress	0	70,060	0	70,060
Total Capital Assets not being Depreciated	982,863	70,060	0	1,052,923
Depreciable Capital Assets:				
Land Improvements	4,178,253	0	0	4,178,253
Buildings and Improvements	1,794,711	0	0	1,794,711
Furniture, Fixtures, and Equipment	2,049,916	92,166	0	2,142,082
Vehicles	2,168,874	278,210	0	2,447,084
City Streets	7,263,182	180,864	0	7,444,046
Street Signals	895,038	0	0	895,038
Total Depreciable Capital Assets	18,349,974	551,240	0	18,901,214
Less Accumulated Depreciation:				
Land Improvements	(1,920,182)	(76,722)	0	(1,996,904)
Buildings and Improvements	(812,823)	(37,949)	0	(850,772)
Furniture, Fixtures, and Equipment	(1,507,068)	(88,896)	0	(1,595,964)
Vehicles	(1,229,079)	(114,158)	0	(1,343,237)
City Streets	(5,915,367)	(81,624)	0	(5,996,991)
Street Signals	(774,400)	(5,355)	0	(779,755)
Total Accumulated Depreciation	(12,158,919)	(404,704) *	0	(12,563,623)
Total Capital Assets being Depreciated, Net	6,191,055	146,536	0	6,337,591
Governmental Activities Capital Assets, Net	\$7,173,918	\$216,596	\$0	\$7,390,514

*Depreciation expense was charged to governmental programs as follows:

General Government	\$62,788
Security of Persons and Property:	
Police	66,453
Fire	100,116
Transportation	136,974
Public Health Services	13,044
Leisure Time Activities	25,329
Total Depreciation Expense	\$404,704

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

	Balance at 12/31/10	Additions	Deductions	Balance at 12/31/11
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	\$216,600	\$0	\$0	\$216,600
Construction in Progress	591,500	2,641,177	0	3,232,677
Total Capital Assets not being Depreciated	808,100	2,641,177	0	3,449,277
Depreciable Capital Assets:				
Land Improvements	61,168	0	0	61,168
Furniture, Fixtures, and Equipment	1,015,574	30,089	0	1,045,663
Vehicles	214,312	0	0	214,312
Infrastructure	17,516,973	11,046	0	17,528,019
Total Capital Assets being Depreciated	18,808,027	41,135	0	18,849,162
Less Accumulated Depreciation:				
Land Improvements	(57,214)	(1,585)	0	(58,799)
Furniture, Fixtures, and Equipment	(651,708)	(47,977)	0	(699,685)
Vehicles	(204,377)	(7,434)	0	(211,811)
Infrastructure	(6,735,819)	(327,316)	0	(7,063,135)
Total Accumulated Depreciation	(7,649,118)	(384,312)	0	(8,033,430)
Total Capital Assets being Depreciated, Net	11,158,909	(343,177)	0	10,815,732
Business-Type Activities Capital Assets, Net	\$11,967,009	\$2,298,000	\$0	\$14,265,009

Note 13 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, 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 and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2011, members in state and local classifications contributed 10.0 percent of covered payroll. For 2011, member and employer contribution rates were consistent across all three plans.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

The City's 2011 contribution rate was 14.0 percent. The portion of employers contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to members allocated to health care for members in the traditional plan was 4 percent for 2011. The portion of employer contributions allocated to health care for members in the combined plan was 6.05 percent for 2011. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010, and 2009, were \$169,973, \$163,228, and \$157,640, respectively. For 2011, 90.96 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009. There were no member-directed plan contributions for 2011 for the City of Logan.

B. Ohio Police and Fire Pension Fund

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions used to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters were \$88,152 and \$80,521 for the year ended December 31, 2011, \$86,653 and \$71,603 for the year ended December 31, 2010, and \$88,206 and \$81,318 for the year ended December 31, 2009. For 2011, 71.14 percent for police and 70.94 percent for firefighters has been contributed with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

Note 14 – Postemployment Benefits

A. Ohio Public Employees Retirement System

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

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.

In order to qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, 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). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement 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-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local government employers contributed 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

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 portion of employer contributions allocated to health care for members in the traditional plan was 4 percent for 2011. The portion of employer contributions allocated to health care for members in the combined plan was 6.05 percent for 2011.

The OPERS 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, 2011, 2010, and 2009, were \$67,989, \$82,974, and \$92,614, respectively. For 2011, 90.96 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

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

B. Ohio Police and Fire Pension Fund

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

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

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide 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.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Funding policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by the Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and firefighters, respectively. Active members do not make contributions to the OPEB plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2011, 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 Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$46,669 and \$31,508 for the year ended December 31, 2011, \$45,875 and \$28,019 for the year ended December 31, 2010, and \$46,697 and \$31,820 for the year ended December 31, 2009. For 2011, 71.14 percent has been contributed for police and 70.94 percent has been contributed for firefighters with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

Note 15 – Employee Benefits

A. Insurance

In 2011, the City contracted with United Healthcare to provide all employees with \$25,000 each in life and accidental death and dismemberment insurance.

The City provides comprehensive major medical insurance through United Healthcare. Monthly premiums for the lower deductible and co-pay plan are \$617.56 for single coverage and \$1,605.65 for family coverage. The City pays \$555.80 of the premiums for single plans and the City's employees pay the remaining balances. The City pays \$1,412.97 of the premiums for employees participating in the family plan with the remainder being paid by the employee. Monthly premiums for the higher deductible and co-pay plan are \$504.37 for single coverage and \$1,311.37. The City pays 100 percent of the premiums for the higher deductible and co-pay plan.

B. Compensated Absences

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 16 – Capital Leases – Lessee Disclosure

In previous years, the City had entered into a capitalized lease agreements for a fire truck and fire rescue equipment. The leases meet the criteria of a capital lease as defined by the Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the fund financial statements. Principal payments made in 2011 totaled \$135,798 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
2012	\$91,487
2013	8,401
2014	8,401
2015	8,401
2016	8,401
2017-2018	16,803
Total Minimum Lease Payments	141,894
Less: Amount Representing Interest	(1,744)
Present Value of Net Minimum Lease Payments	\$140,150

The equipment has been capitalized in the amount of \$845,261, the present value of the minimum lease payments at the inception of the lease. The accumulated depreciation as of December 31, 2011, was \$277,228, leaving a remaining book value of \$568,033.

Note 17 – Contingent Liabilities

A. Grants

The City received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2011.

B. Litigation

The City is currently not party to any litigation.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 18 – Long-Term Obligations

A schedule of changes in long-term obligations of the City during 2011 follows:

	Principal Outstanding 12/31/10	Additions	Deductions	Principal Outstanding 12/31/11	Amounts Due in One Year
Governmental Activities:					
2010 Energy Conservation General					
Obligation Bonds - 4.375%	\$237,575	\$0	\$20,668	\$216,907	\$21,576
2011 General Obligation Bonds - 3.289%	0	93,990	0	93,990	17,904
Capital Leases	275,948	0	135,798	140,150	89,742
Compensated Absences	299,604	26,648	50,261	275,991	93,753
Total Governmental Activities	\$813,127	\$120,638	\$206,727	\$727,038	\$222,975
Business-Type Activities:					
2004 Holiday Inn Tax Increment Financing					
Bonds - 4.80%	\$28,452	\$0	\$28,452	\$0	\$0
Total Tax Increment Financing Bonds	28,452	0	28,452	0	0
2010 Energy Conservation General					
Obligation Bonds - 4.375%	118,984	0	10,351	108,633	10,806
1994 Revenue Bonds:					
Water System - 5.00%	569,100	0	132,000	437,100	138,700
2007 Revenue Bonds:					
Sewer System - 4.52%	194,840	0	194,840	0	0
2006 Bio Solids Housing Loan - 5.15%	392,541	0	58,165	334,376	32,765
2008 OWDA Sewer Improvements					
Planning Loan - 4.95%	425,500	25,142	450,642	0	0
2011 OWDA Sewer Plant Improvements					
Loan - 4.95%	0	2,620,827	0	2,620,827	0
Compensated Absences	136,241	14,548	1,406	149,383	46,913
Total Business-Type Activities	\$1,865,658	\$2,660,517	\$875,856	\$3,650,319	\$229,184

In June 2010, the City issued Energy Conservation General Obligation Bonds in the amount of \$371,468 at an interest rate of 4.375%. Principal and interest payments are due June and December 4 of each year through 2020. These bonds were issued for the purpose of energy conservation measures which included the purchase of high efficiency HVAC systems, the retrofitting of street lights and traffic signals with lower energy bulbs, and mechanical upgrades at the City Hall, Fire Department, Police Department, and Water Distribution facilities. The bonds will be retired from the General Fund and the Water Enterprise Fund.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Principal and interest requirements to retire the General Fund's portion of the energy conservation general obligation bonds outstanding at December 31, 2011, are as follows:

Year Ended December 31,	Principal	Interest	Total
2012	\$21,576	\$9,257	\$30,833
2013	22,530	8,302	30,832
2014	23,527	7,306	30,833
2015	24,567	6,265	30,832
2016	25,796	5,207	31,003
2017-2020	98,911	8,827	107,738
	<u>\$216,907</u>	<u>\$45,164</u>	<u>\$262,071</u>

Principal and interest requirements to retire the Water Enterprise Fund's portion of the energy conservation general obligation bonds outstanding at December 31, 2011, are as follows:

Year Ended December 31,	Principal	Interest	Total
2012	\$10,806	\$4,363	\$15,169
2013	11,284	4,158	15,442
2014	11,783	3,659	15,442
2015	12,304	3,138	15,442
2016	12,706	2,565	15,271
2017-2020	49,750	4,463	54,213
	<u>\$108,633</u>	<u>\$22,346</u>	<u>\$130,979</u>

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

Principal and interest requirements to retire the general obligation bonds outstanding at December 31, 2011, are as follows:

Year Ended December 31,	Principal	Interest	Total
2012	\$17,904	\$2,789	\$20,693
2013	18,183	2,510	20,693
2014	18,780	1,913	20,693
2015	19,397	1,296	20,693
2016	19,726	967	20,693
	<u>\$93,990</u>	<u>\$9,475</u>	<u>\$103,465</u>

In June 2004, the City issued Tax Incremental Financing Bonds in the amount of \$1,500,000 at an interest rate of 4.80%. Principal and interest payments are due June and December 15 of each year through 2011. These bonds were 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. These bonds were retired during 2011.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

In June 1994, the City issued Water Revenue Bonds in the amount of \$2,000,000 at an interest rate of 5.00%. Principal and interest payments are due June 15 of each year through 2014. These bonds issued through the Farmer's Home administration were for the purpose of improving the City's 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 Water Enterprise Fund's revenue bonds outstanding at December 31, 2011, are as follows:

Year Ended December 31,	Principal	Interest	Total
2012	\$138,700	\$21,855	\$160,555
2013	145,600	14,920	160,520
2014	152,800	7,640	160,440
	<u>\$437,100</u>	<u>\$44,415</u>	<u>\$481,515</u>

In October 2007, the City issued Sewer Revenue Bonds in the amount of \$300,000 at an interest rate of 4.52%. Principal and interest payments are due March and September 1 of each year through 2017. These bonds were issued 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. These bonds were retired during 2011.

In December 2006, the City obtained the Bio-Solids Housing OWDA Loan in the amount of \$525,000 at an interest rate of 5.15%. Principal and interest payments are due June and December 20 of each year through 2021. This loan was entered into for the purpose of construction 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 bio-solids housing loan outstanding at December 31, 2011, are as follows:

Year Ended December 31,	Principal	Interest	Total
2012	\$32,765	\$16,804	\$49,569
2013	34,474	15,094	49,568
2014	36,273	13,297	49,570
2015	38,165	11,405	49,570
2016	40,156	9,414	49,570
2017-2021	152,543	15,230	167,773
	<u>\$334,376</u>	<u>\$81,244</u>	<u>\$415,620</u>

The 2008 OWDA Sewer Improvements Planning Loan, authorized in the amount of \$460,000, is being used to finance sewer line extension and improvements. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and repaid the debt. During 2011, this loan was retired with the 2011 OWDA Sewer Improvements Plant Loan.

The 2011 OWDA Sewer Improvements Plant Loan, authorized in the amount of \$9,348,873, is being used to finance sewer line extension and improvements. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and will repay the debt. The loan has not been fully drawn down and no amortization schedule has been established.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

The City has pledged future water customer revenues to repay \$1,500,000 in water tax increment financing bonds issued in 2004, and to repay the \$2,000,000 water system revenue bonds issued in 1994. The bonds are payable solely from water customer net revenues and are payable through 2014. Net revenues include all revenues received by the water utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the bonds should require less than 100 percent of net revenues in future years; 2011 principal and interest payments were 86% of net revenues. The total principal and interest remaining to be paid on the bonds is \$481,515. Principal and interest payments for the current year were \$239,915, net revenues were \$278,687 and total revenues were \$1,363,828.

The City has pledged future sewer customer revenues to repay \$2,955,201 in sewer system OWDA loans obtained in 2006 and 2011 and to repay the \$300,000 sewer system revenue bonds issued in 2007. The loans are payable solely from sewer customer net revenues and are payable through 2032. 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 bonds should require less than 100 percent of net revenues in future years; however, in 2011, principal and interest payments exceeded net revenues but are not expected to exceed net revenues in 2012. The total principal and interest remaining to be paid on the loans are unknown at this time since the Wastewater Treatment Plant loan is not fully drawn out, however principal and interest remaining on the Bio Solids Housing OWDA loan are \$334,376 and \$81,244, respectively. Principal and interest payments for the current year were \$759,250, net revenues were \$233,955 and total revenues were \$1,324,263.

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

The City's overall legal debt margin was \$11,380,537 at December 31, 2011.



Julian & Grube, Inc.

Serving Ohio Local Governments

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

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

City of Logan
10 South Mulberry Street
Logan, Ohio 43138

To the Members of Council and Mayor:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Hocking County, Ohio, as of and for the year ended December 31, 2011, which collectively comprise the City of Logan's basic financial statements and have issued our report thereon dated June 1, 2012, wherein we noted the City of Logan adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Members of Council and Mayor
City of Logan

Compliance and Other Matters

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

We did note a certain matter not requiring inclusion in this report that we reported to the City of Logan's management in a separate letter dated June 1, 2012.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 1, 2012



Dave Yost • Auditor of State

CITY OF LOGAN

HOCKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 02, 2012