CITY OF LOGAN
HOCKING COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF LOGAN
HOCKING COUNTY
DECEMBER 31, 2018

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HOCKING COUNTY
DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Hocking County, Ohio (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Hocking County, Ohio, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2019, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

September 25, 2019

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The discussion and analysis of the City of Logan's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2018. 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 2018 are as follows:

- In total, net position increased $948,650. Net position of governmental activities increased $517,723 from 2017. Net position of business-type activities also increased $430,927 from 2017.

- In total, assets increased $7,713,670. Governmental activities increased $1,151,754; the business-type activities assets increased $6,561,916.

- Overall, capital assets increased $6,507,394. Total capital assets of governmental activities decreased $186,485. Capital assets of business-type activities increased $6,693,879.

USING THIS ANNUAL FINANCIAL REPORT

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

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

Reporting the City of Logan as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The Statement of Net Position and Statement of Activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- Governmental Activities – Most of the City's services are reported here including police, fire, administration, and all departments with the exception of our Water, Sewer and Nonmajor Enterprise Funds.

- Business-Type Activities – Water and sewer services have charges based on the amounts of usage. The City charges fees to recoup the cost of the entire operation or our water and sewer treatment plants as well as all capital expenditures associated with these facilities and equipment. The City also charges fees for storm water services based upon set rates.

Reporting the City of Logan's Most Significant Funds

Fund Financial Statements

Fund financial statements begin on page 18. Fund financial reports provide detailed information about the City's major funds. Based upon restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Logan, our major funds are the General Fund, Capital Improvements Fund, and the Water and Sewer Enterprise Funds.

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

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

THE CITY OF LOGAN AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2018 compared to 2017.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	$6,023,420	$4,685,181	$3,326,869	$3,458,832	$9,350,289	$8,144,013
Capital Assets	6,877,634	7,064,119	27,326,496	20,632,617	34,204,130	27,696,736
Total Assets	12,901,054	11,749,300	30,653,365	24,091,449	43,554,419	35,840,749
Deferred Outflows of Resources						
Pension	1,273,394	1,298,476	350,741	626,067	1,624,135	1,924,543
OPEB	794,811	16,304	96,244	10,255	891,055	26,559
Total Deferred Outflows of Resources	2,068,205	1,314,780	446,985	636,322	2,515,190	1,951,102
Liabilities						
Current and Other Liabilitites	510,805	651,889	2,199,165	388,537	2,709,970	1,040,426
Long-term Liabilities:						
Due Within One Year	170,168	172,041	334,174	303,609	504,342	475,650
Due in More than One Year:						
Net Pension Liability	5,346,392	5,337,390	1,189,661	1,590,077	6,536,053	6,927,467
Net OPEB Liability	4,669,905	3,559,597	786,362	674,682	5,456,267	4,234,279
Other Amounts	185,300	351,219	13,988,044	9,913,307	14,173,344	10,264,526
Total Liabilities	10,882,570	10,072,136	18,497,406	12,870,212	29,379,976	22,942,348
Deferred Inflows of Resources						
Property Taxes	612,927	443,479	0	0	612,927	443,479
Pension	538,882	227,713	281,107	25,228	819,989	252,941
OPEB	96,405	0	58,579	0	154,984	0
Total Deferred Inflows of Resources	1,248,214	671,192	339,686	25,228	1,587,900	696,420
Net Position						
Net Investment in Capital Assets	6,635,139	6,643,325	11,225,127	10,459,995	17,860,266	17,103,320
Restricted	2,083,823	1,407,755	0	0	2,083,823	1,407,755
Unrestricted (Deficit)	(5,880,487)	(5,730,328)	1,038,131	1,372,336	(4,842,356)	(4,357,992)
Total Net Position	$2,838,475	$2,320,752	$12,263,258	$11,832,331	$15,101,733	$14,153,083

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation had the effect of restating net position at December 31, 2017, from $5,864,045 to $2,320,752 for governmental activities and from $12,496,758 to $11,832,331 for business-type activities.

For governmental activities, total assets increased $1,151,754 mainly due to increases in equity in pooled cash and cash equivalents of $761,986, an increase in intergovernmental receivable of $308,498, and an increase in property taxes receivable of $170,463. The increase in equity in pooled cash and cash equivalents was primarily due to the City monitoring the cash flow very closely and insuring that expenses are well within revenue sources. The increase in intergovernmental receivable is a result of the City having a Community Development Block Grant for 2018 and there was no grant for 2017. Property taxes receivable increased during 2018 due to an increase in the amounts certified to be collected by the County Auditor. These increases were offset by a decrease in capital assets of $186,485 due to current year depreciation exceeding additions. Current liabilities decreased $141,084 due to a decrease in intergovernmental payable as a result of a decreased liability recorded for the Jefferson Health Plan for costs associated with the City exiting a risk sharing pool at the end of 2017. Long-term liabilities increased $951,518 primarily due to an increase in the net pension/OPEB liability. The net pension/OPEB liability increase represents the City's proportionate share of the OPERS traditional and the OP&F plans' unfunded benefits. As indicated above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

For business-type activities, capital assets increased $6,693,879 and equity in pooled cash and cash equivalents increased $534,068. The increase in capital assets is direct result of the ongoing construction f the new water plant. These increases were offset by a decrease in intergovernmental receivable of $639,863 due to the City fully expending the $725,000 grant for the City's Phase II Sewer Project during 2018. Current liabilities increased as a direct result of the increase in contracts and retainage payable due to the new water plant construction. Long-term liabilities increased $3,816,566 mainly due to an increase in the loan associated with the new water plant.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2018 and 2017.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
Revenues	2018	2017	2018	2017	2018	2017
Program Revenues:						
Charges for Services	$480,693	$407,407	$4,018,160	$3,650,136	$4,498,853	$4,057,543
Operating Grants and Contributions	791,872	500,967	0	0	791,872	500,967
Capital Grants and Contributions	90,701	132,442	280,000	725,000	370,701	857,442
Total Program Revenues	1,363,266	1,040,816	4,298,160	4,375,136	5,661,426	5,415,952
General Revenues:						
Property Taxes	489,465	476,300	0	0	489,465	476,300
Income Taxes	4,566,545	4,338,385	0	0	4,566,545	4,338,385
Hotel Tax	35,525	34,608	0	0	35,525	34,608
Grants and Entitlements	258,898	265,861	0	0	258,898	265,861
Interest	22,188	15,207	0	0	22,188	15,207
Sale of Capital Assets	8,480	0	2,475	0	10,955	0
Other	37,337	18,123	12,916	8,630	50,253	26,753
Total General Revenues	5,418,438	5,148,484	15,391	8,630	5,433,829	5,157,114
Total Revenues	6,781,704	6,189,300	4,313,551	4,383,766	11,095,255	10,573,066
Program Expenses						
General Government	809,613	825,227	0	0	809,613	825,227
Security of Persons and Property:						
Police	2,725,560	2,538,904	0	0	2,725,560	2,538,904
Fire	1,296,849	1,169,712	0	0	1,296,849	1,169,712
Transportation	814,582	693,207	0	0	814,582	693,207
Public Health Services	398,219	403,621	0	0	398,219	403,621
Leisure Time Activities	166,355	140,128	0	0	166,355	140,128
Community Environment	38,015	242,143	0	0	38,015	242,143
Basic Utility Services	2,769	2,760	0	0	2,769	2,760
Interest and Fiscal Charges	12,019	12,663	0	0	12,019	12,663
Water	0	0	1,938,601	1,864,530	1,938,601	1,864,530
Sewer	0	0	1,753,768	1,951,139	1,753,768	1,951,139
Nonmajor Enterprise	0	0	190,255	0	190,255	0
Total Expenses	6,263,981	6,028,365	3,882,624	3,815,669	10,146,605	9,844,034
Change in Net Position	517,723	160,935	430,927	568,097	948,650	729,032
Net Position at Beginning of Year	2,320,752	N/A	11,832,331	N/A	14,153,083	N/A
Net Positionat End of Year	$2,838,475	$2,320,752	$12,263,258	$11,832,331	$15,101,733	$14,153,083

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $26,559 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of $520,120. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities	Business-type Activities	Total
Total 2018 program expenses under GASB 75	$6,263,981	$3,882,624	$10,146,605
Negative OPEB expense under GASB 75	(435,850)	(84,270)	(520,120)
2018 contractually required contribution	7,644	0	7,644
Adjusted 2018 program expenses	5,835,775	3,798,354	9,634,129
Total 2017 program expenses under GASB 45	6,028,365	3,815,669	9,844,034
Decrease in program expenses not related to OPEB	($192,590)	($17,315)	($209,905)

Governmental Activities

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

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

Intergovernmental revenues (operating and capital grants) and contributions accounted for 65 percent of all program revenues. These revenues are not generated from the City's own resources. Such revenues are often unpredictable and accompanied by administrative requirements. The lower this percentage, the better in regards to independence.

Security of persons and property is a major activity of the City, accounting for 64 percent of the governmental expenses. During 2018, expenses for police and fire operations amounted to $2,725,560 and $1,296,849, respectively. These activities are, for the most part, funded by the municipal income tax and property taxes. The City attempts to supplement the income and activities of the police department to enable the department to widen the scope of its activity. The fire department and its employees continue to work hand in hand with the City to help reduce the costs to the taxpayer.

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

General government, public health, leisure time activities, community environment, and basic utility service activities account for the remaining 23 percent of governmental expenditures.

Business-Type Activities

The City's business-type activities are composed of water, sewer, and storm water operations and are funded almost entirely from charges for services. During 2018, the City collected $368,024 more in charges for services from the previous year and spent $66,955 more than the previous year. The City's water and sewer departments continued to operate with comparable rates. The minimum water and sewer rates are $29.94 and $23.71, respectively, for the first 2,000 gallons. Water and sewer rates for two surrounding communities are $21.67 and $18.19 for water and $21.53 and $16.04 for sewer.

THE CITY'S FUNDS

The City's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $6,409,757 and expenditures of $5,453,327.

The fund balance of the General Fund increased $576,673. The General Fund's balance of $2,549,478 represented 61 percent of current year expenditures. Most of this balance remains in the City's treasury and invested.

The fund balance of the Capital Improvements Fund increased $249,316. The Capital Improvements Fund had a restricted fund balance of $748,794 at year end.

During 2018, the Water Fund had operating revenues of $1,988,079 and operating expenses of $1,935,459. The Sewer Fund had operating revenues of $1,749,511 and operating expenses of $1,523,331. Water and sewer rates last increased 3 percent on September 1, 2018.

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 2018, the City amended its General Fund budget several times, none were significant. All recommendations for a budget change came from the City Auditor to the Finance Committee of Council for review before going to the whole Council for Ordinance enactment on the change. The allocation of appropriations among the objects within a fund may be modified during the year by the City Auditor without an ordinance of Council. With the General Fund supporting many of our major activities such as our police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely by looking for possible revenue shortfalls or overspending by individual departments.

Original budgeted revenues were not amended during 2018. Actual revenues were over the final budget in the amount of $56,455. The original appropriations were increased $95,482; however, the actual expenditures and other financing uses were $629,728 less than the final budget for expenditures and other financing uses. The City of Logan's ending unencumbered fund cash balance in the General Fund was $2,411,755 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, 2018
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	$1,016,036	$1,016,036	$216,600	$216,600	$1,232,636	$1,232,636
Construction in Progress	6,958	53,682	6,066,889	1,013,905	6,073,847	1,067,587
Land Improvements	1,750,164	1,814,673	8,743	1,470	1,758,907	1,816,143
Buildings and Improvements	731,851	771,797	0	0	731,851	771,797
Furniture, Fixtures, and Equipment	370,407	380,299	242,759	269,426	613,166	649,725
Vehicles	1,183,638	1,265,303	261,552	307,210	1,445,190	1,572,513
Infrastructure:						
City Streets	1,740,781	1,679,175	0	0	1,740,781	1,679,175
Street Signals	77,799	83,154	0	0	77,799	83,154
Water System	0	0	3,208,967	2,975,502	3,208,967	2,975,502
Sewer System	0	0	17,039,938	15,814,482	17,039,938	15,814,482
Stormwater System	0	0	281,048	34,022	281,048	34,022
Totals	$6,877,634	$7,064,119	$27,326,496	$20,632,617	$34,204,130	$27,696,736

The assets of the City are reported at historical cost, net of depreciation. For additional information on capital assets, see Note 9 to the basic financial statements.

Debt

As of December 31, 2018, and December 31, 2017, the City had total long-term debt of $14,506,760 and $10,585,389, respectively, as follows:

(Table 4)
Outstanding Debt at December 31, 2018

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
OPWC Loans	$0	$0	$458,323	$475,262	$458,323	$475,262
OWDA Loans	0	0	13,504,724	9,389,768	13,504,724	9,389,768
Water Equipment Loan	0	0	51,428	0	51,428	0
Energy Conservation Bonds	44,243	72,220	22,159	36,170	66,402	108,390
General Obligation Bonds	20,400	26,800	0	0	20,400	26,800
Capital Leases	177,852	315,520	227,631	269,649	405,483	585,169
Totals	$242,495	$414,540	$14,264,265	$10,170,849	$14,506,760	$10,585,389

The City's overall legal debt margin was $12,238,586 at December 31, 2018. For additional information on the City's debt, see Notes 15 and 16 to the basic financial statements.

CURRENT FINANCIAL ISSUES

The City is currently working on the water infrastructure. The City has been approved for $7,133,000 in grants to help fund four major water projects. The projects include a new water plant, water meter replacement, new water tank and booster station, and water line replacement. The City has also received a $1,100,000 grant to address sidewalks and street lighting and an Ohio Natural Resources Grant to help finance improvements to Kachelmacher Park. The City residents approved a 1.7 mill levy in November, 2018, which will generate approximately $4,682,380 to replace the City pool. Bonds were sold during 2019 to finance the project.

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 Christopher D. Robers, Logan City Auditor, 10 South Mulberry Street, Logan, Ohio 43138.

City of Logan, Ohio
Statement of Net Position
December 31, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$3,771,908	$2,721,758	$6,493,666
Investments	137,380	0	137,380
Accrued Interest Receivable	6,615	0	6,615
Intergovernmental Receivable	623,346	85,544	708,890
Accounts Receivable	14,806	500,993	515,799
Permissive MVL Taxes Receivable	2,487	0	2,487
Hotel Tax Receivable	3,978	0	3,978
Income Taxes Receivable	666,600	0	666,600
Property Taxes Receivable	626,630	0	626,630
Loans Receivable	117,479	0	117,479
Materials and Supplies Inventory	46,073	15,855	61,928
Prepaid Items	6,118	2,719	8,837
Nondepreciable Capital Assets	1,022,994	6,283,489	7,306,483
Depreciable Capital Assets, Net	5,854,640	21,043,007	26,897,647
Total Assets	12,901,054	30,653,365	43,554,419
Deferred Outflows of Resources			
Pension	1,273,394	350,741	1,624,135
OPEB	794,811	96,244	891,055
Total Deferred Outflows of Resources	2,068,205	446,985	2,515,190
Liabilities			
Accounts Payable	87,139	61,219	148,358
Accrued Wages Payable	121,497	48,011	169,508
Accrued Interest Payable	3,257	122,461	125,718
Intergovernmental Payable	115,212	42,864	158,076
Contracts Payable	0	1,595,147	1,595,147
Retainage Payable	0	241,957	241,957
Leave Benefits Payable	183,700	87,506	271,206
Long-Term Liabilities:			
Due within One Year	170,168	334,174	504,342
Due in More than One Year:			
Net Pension Liability (See Note 11)	5,346,392	1,189,661	6,536,053
Net OPEB Liability (See Note 12)	4,669,905	786,362	5,456,267
Other Amounts Due in More than One Year	185,300	13,988,044	14,173,344
Total Liabilities	10,882,570	18,497,406	29,379,976
Deferred Inflows of Resources			
Property Taxes	612,927	0	612,927
Pension	538,882	281,107	819,989
OPEB	96,405	58,579	154,984
Total Deferred Inflows of Resources	1,248,214	339,686	1,587,900
Net Position			
Net Investment in Capital Assets	6,635,139	11,225,127	17,860,266
Restricted for:			
Street Improvements	462,638	0	462,638
Law Enforcement	45,005	0	45,005
Fire Protection	129,672	0	129,672
Community Development	467,274	0	467,274
Perpetual Care:			
Expendable	38,597	0	38,597
Non-Expendable	137,380	0	137,380
Capital Improvements	799,675	0	799,675
Debt Service	3,582	0	3,582
Unrestricted (Deficit)	(5,880,487)	1,038,131	(4,842,356)
Total Net Position	$2,838,475	$12,263,258	$15,101,733

See accompanying notes to the basic financial statements.

City of Logan, Ohio
Statement of Activities
For the Year Ended December 31, 2018

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions, and Interest	Program Revenues: Capital Grants and Contributions
Governmental Activities				
General Government	$809,613	$108,780	$0	$0
Security of Persons and Property:				
Police	2,725,560	49,458	120,922	0
Fire	1,296,849	138,358	23,718	0
Transportation	814,582	35,295	316,014	90,701
Public Health Services	398,219	41,645	2,458	0
Leisure Time Activities	166,355	107,157	2,965	0
Community Environment	38,015	0	325,795	0
Basic Utility Services	2,769	0	0	0
Interest and Fiscal Charges	12,019	0	0	0
Total Governmental Activities	6,263,981	480,693	791,872	90,701
Business-Type Activities				
Water	1,938,601	1,981,606	0	280,000
Sewer	1,753,768	1,743,546	0	0
Nonmajor	190,255	293,008	0	0
Total Business-Type Activities	3,882,624	4,018,160	0	280,000
Totals	$10,146,605	$4,498,853	$791,872	$370,701

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

Total General Revenues

Change in Net Position

Net Position at Beginning of Year (Restated - See Note 3)

Net Position at End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
($700,833)	$0	($700,833)
(2,555,180)	0	(2,555,180)
(1,134,773)	0	(1,134,773)
(372,572)	0	(372,572)
(354,116)	0	(354,116)
(56,233)	0	(56,233)
287,780	0	287,780
(2,769)	0	(2,769)
(12,019)	0	(12,019)
(4,900,715)	0	(4,900,715)
0	323,005	323,005
0	(10,222)	(10,222)
0	102,753	102,753
0	415,536	415,536
(4,900,715)	415,536	(4,485,179)
192,241	0	192,241
64,060	0	64,060
233,164	0	233,164
3,881,562	0	3,881,562
684,983	0	684,983
35,525	0	35,525
258,898	0	258,898
8,480	2,475	10,955
22,188	0	22,188
37,337	12,916	50,253
5,418,438	15,391	5,433,829
517,723	430,927	948,650
2,320,752	11,832,331	14,153,083
$2,838,475	$12,263,258	$15,101,733

City of Logan, Ohio
Balance Sheet
Governmental Funds
December 31, 2018

	General	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and				
Cash Equivalents	$2,486,378	$696,109	$589,421	$3,771,908
Investments	0	0	137,380	137,380
Receivables:				
Accrued Interest	5,604	0	1,011	6,615
Intergovernmental	148,334	6,958	468,054	623,346
Accounts	14,806		0	14,806
Permissive MVL Taxes	0	0	2,487	2,487
Hotel Tax	3,978	0	0	3,978
Income Taxes	566,609	99,991	0	666,600
Property Taxes	183,914	0	442,716	626,630
Loans	0	0	117,479	117,479
Materials and Supplies Inventory	19,500	0	26,573	46,073
Prepaid Items	5,364	355	399	6,118
Total Assets	$3,434,487	$803,413	$1,785,520	$6,023,420
Liabilities				
Accounts Payable	$83,116	$3,738	$285	$87,139
Accrued Wages Payable	113,709	0	7,788	121,497
Intergovernmental Payable	110,054	0	5,158	115,212
Total Liabilities	306,879	3,738	13,231	323,848
Deferred Inflows of Resources				
Property Taxes	178,311	0	434,616	612,927
Unavailable Revenue	399,819	50,526	451,883	902,228
Total Deferred Inflows of Resources	578,130	50,526	886,499	1,515,155
Fund Balances				
Nonspendable	24,864	355	261,936	287,155
Restricted	0	748,794	577,753	1,326,547
Committed	0	0	46,101	46,101
Assigned	148,602	0	0	148,602
Unassigned	2,376,012	0	0	2,376,012
Total Fund Balances	2,549,478	749,149	885,790	4,184,417
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$3,434,487	$803,413	$1,785,520	$6,023,420

See accompanying notes to the basic financial statements.

City of Logan, Ohio
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
December 31, 2018

Total Governmental Fund Balances		$4,184,417
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,877,634
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	13,703	
Income Taxes	290,449	
Hotel Tax	1,649	
Intergovernmental Revenues	581,717	
Charges for Services	14,710	902,228
Leave benefits payable is recognized for earned benefits that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.		(183,700)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	1,273,394	
Deferred Inflows - Pension	(538,882)	
Net Pension Liability	(5,346,392)	
Deferred Outflows - OPEB	794,811	
Deferred Inflows - OPEB	(96,405)	
Net OPEB Liability	(4,669,905)	(8,583,379)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Leases Payable	(177,852)	
General Obligation Bonds Payable	(20,400)	
Energy Conservation Bonds Payable	(44,243)	
Accrued Interest Payable	(3,257)	
Compensated Absences Payable	(112,973)	(358,725)
Net Position of Governmental Activities		$2,838,475

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, 2018

	General	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	$191,816	$0	$296,634	$488,450
Income Taxes	3,847,578	678,985	0	4,526,563
Permissive MVL Taxes	0	0	35,295	35,295
Hotel Tax	35,296	0	0	35,296
Intergovernmental	363,429	83,686	380,498	827,613
Charges for Services	212,824	0	175,086	387,910
Fines, Licenses, and Permits	26,936	0	667	27,603
Interest	22,188	57	2,465	24,710
Donations	15,175	0	3,805	18,980
Other	35,081	0	2,256	37,337
Total Revenues	4,750,323	762,728	896,706	6,409,757
Expenditures				
Current:				
General Government	670,018	0	0	670,018
Security of Persons and Property:				
Police	2,119,667	0	31,913	2,151,580
Fire	713,524	0	219,701	933,225
Transportation	283,553	0	279,455	563,008
Public Health Services	339,896	0	185	340,081
Leisure Time Activities	0	0	117,250	117,250
Community Environment	11,870	0	26,145	38,015
Basic Utility Services	2,769	0	0	2,769
Capital Outlay	0	450,834	0	450,834
Debt Service:				
Principal Retirement	27,977	51,228	92,840	172,045
Interest and Fiscal Charges	2,856	8,350	3,296	14,502
Total Expenditures	4,172,130	510,412	770,785	5,453,327
Excess of Revenues Over Expenditures	578,193	252,316	125,921	956,430
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	8,480	0	0	8,480
Transfers In	0	0	13,000	13,000
Transfers Out	(10,000)	(3,000)	0	(13,000)
Total Other Financing Sources (Uses)	(1,520)	(3,000)	13,000	8,480
Net Change in Fund Balance	576,673	249,316	138,921	964,910
Fund Balances at Beginning of Year	1,972,805	499,833	746,869	3,219,507
Fund Balances at End of Year	$2,549,478	$749,149	$885,790	$4,184,417

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, 2018

Net Change in Fund Balances - Total Governmental Funds		$964,910
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:		
Capital Assets Additions	294,146	
Depreciation Expense	(480,631)	(186,485)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	1,015	
Income Taxes	39,982	
Hotel Taxes	229	
Intergovernmental Revenues	307,531	
Charges for Services	14,710	363,467
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, interest is expended when due.		2,483
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Capital Leases Payable	137,668	
General Obligation Bonds Payable	6,400	
Energy Conservation Bonds Payable	27,977	172,045
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Leave Benefits Payable	(20,985)	
Compensated Absences	(4,253)	(25,238)
Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.		
Pension	437,742	
OPEB	7,644	445,386
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement Activities.		
Pension	(782,995)	
OPEB	(435,850)	(1,218,845)
Change in Net Position of Governmental Activities		$517,723

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, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Property Taxes	$179,990	$179,990	$191,816	$11,826
Income Taxes	3,880,000	3,880,000	3,837,069	(42,931)
Hotel Tax	35,000	35,000	35,525	525
Intergovernmental	390,610	390,610	365,051	(25,559)
Charges for Services	163,480	163,480	212,824	49,344
Fines, Licenses, and Permits	20,025	20,025	26,936	6,911
Interest	12,000	12,000	19,149	7,149
Donations	0	0	15,175	15,175
Other	970	970	34,985	34,015
Total Revenues	4,682,075	4,682,075	4,738,530	56,455
Expenditures				
Current:				
General Government	810,682	768,161	696,245	71,916
Security of Persons and Property:				
Police	2,515,996	2,628,984	2,258,280	370,704
Fire	835,599	819,204	749,809	69,395
Transportation	337,973	372,116	303,427	68,689
Public Health Services	395,448	402,931	355,140	47,791
Community Environment	13,755	13,591	12,484	1,107
Basic Utilities	2,947	2,895	2,769	126
Debt Service:				
Principal Retirement	27,977	27,977	27,977	0
Interest and Fiscal Charges	2,856	2,856	2,856	0
Total Expenditures	4,943,233	5,038,715	4,408,987	629,728
Excess of Revenues Over (Under) Expenditures	(261,158)	(356,640)	329,543	686,183
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	8,480	8,480	8,480	0
Transfers Out	(10,000)	(10,000)	(10,000)	0
Total Other Financing Sources (Uses)	(1,520)	(1,520)	(1,520)	0
Net Change in Fund Balance	(262,678)	(358,160)	328,023	686,183
Fund Balance at Beginning of Year	1,828,505	1,828,505	1,828,505	0
Prior Year Encumbrances Appropriated	255,227	255,227	255,227	0
Fund Balance at End of Year	$1,821,054	$1,725,572	$2,411,755	$686,183

See accompanying notes to the basic financial statements

City of Logan, Ohio
Statement of Fund Net Position
Enterprise Funds
December 31, 2018

	Water	Sewer	Nonmajor	Total Enterprise Funds
Assets				
Current:				
Equity in Pooled Cash and Cash Equivalents	$905,986	$1,469,348	$346,424	$2,721,758
Intergovernmental Receivable	0	85,544	0	85,544
Accounts Receivable	245,743	221,084	34,166	500,993
Materials and Supplies Inventory	10,475	5,380	0	15,855
Prepaid Items	1,440	1,212	67	2,719
Total Current Assets	1,163,644	1,782,568	380,657	3,326,869
Noncurrent:				
Nondepreciable Capital Assets	6,150,889	132,600	0	6,283,489
Depreciable Capital Assets, Net	3,361,351	17,148,705	532,951	21,043,007
Total Noncurrent Assets	9,512,240	17,281,305	532,951	27,326,496
Total Assets	10,675,884	19,063,873	913,608	30,653,365
Deferred Outflows of Resources				
Pension	274,990	142,169	24,366	441,525
OPEB	104,186	23,575	3,565	131,326
Total Deferred Outflows of Resources	379,176	165,744	27,931	572,851
Liabilities				
Current:				
Accounts Payable	32,665	25,576	2,978	61,219
Accrued Wages Payable	29,661	16,702	1,648	48,011
Accrued Interest Payable	1,412	117,350	3,699	122,461
Intergovernmental Payable	21,667	18,869	2,328	42,864
Contracts Payable	1,406,968	188,179	0	1,595,147
Retainage Payable	241,957	0	0	241,957
Leave Benefits Payable	48,707	38,510	289	87,506
General Obligation Bonds Payable	14,629	0	0	14,629
Loans Payable	12,185	0	0	12,185
OWDA Loans Payable	0	237,309	0	237,309
OPWC Loans Payable	650	16,288	0	16,938
Capital Leases Payable	2,458	12,646	28,049	43,153
Compensated Absences Payable	9,960	0	0	9,960
Total Current Liabilities	1,822,919	671,429	38,991	2,533,339
Long-Term:				
General Obligation Bonds Payable	7,530	0	0	7,530
OWDA Loans Payable	4,433,600	8,833,815	0	13,267,415
OPWC Loans Payable	17,884	423,501	0	441,385
Loans Payable	39,243	0	0	39,243
Capital Leases Payable	8,923	55,644	119,911	184,478
Compensated Absences Payable	18,450	29,543	0	47,993
Net Pension Liability	660,924	484,675	44,062	1,189,661
Net OPEB Liability	436,868	320,369	29,125	786,362
Total Long-Term Liabilities	5,623,422	10,147,547	193,098	15,964,067
Total Liabilities	7,446,341	10,818,976	232,089	18,497,406
Deferred Inflows of Resources				
Pension	191,274	170,290	10,327	371,891
OPEB	32,544	58,947	2,170	93,661
Total Deferred Inflows of Resources	223,818	229,237	12,497	465,552
Net Position				
Net Investment in Capital Assets	3,326,213	7,513,923	384,991	11,225,127
Unrestricted	58,688	667,481	311,962	1,038,131
Total Net Position	$3,384,901	$8,181,404	$696,953	$12,263,258

See accompanying notes to the basic financial statements.

City of Logan, Ohio
Statement of Revenues, Expenses,
and Changes in Fund Net Position
Enterprise Funds
For the Year December 31, 2018

	Water	Sewer	Nonmajor	Total Enterprise Funds
Operating Revenues				
Charges for Services	$1,981,606	$1,743,546	$293,008	$4,018,160
Other Operating Revenues	6,473	5,965	478	12,916
Total Operating Revenues	1,988,079	1,749,511	293,486	4,031,076
Operating Expenses				
Salaries and Wages	578,521	439,967	41,153	1,059,641
Fringe Benefits	378,848	115,154	46,021	540,023
Contractual Services	554,745	502,488	56,883	1,114,116
Materials and Supplies	274,765	27,408	1,522	303,695
Depreciation	148,042	438,314	36,244	622,600
Other Operating Expenses	538	0	0	538
Total Operating Expenses	1,935,459	1,523,331	181,823	3,640,613
Operating Income	52,620	226,180	111,663	390,463
Non-Operating (Expenses)				
Capital Grants	280,000	0	0	280,000
Gain on Sale of Capital Assets	2,475	0	0	2,475
Interest and Fiscal Charges	(3,142)	(230,437)	(8,432)	(242,011)
Total Non-Operating Revenues (Expenses)	279,333	(230,437)	(8,432)	40,464
Change in Net Position	331,953	(4,257)	103,231	430,927
Net Position at Beginning of Year (Restated - See Note 3)	3,052,948	8,185,661	593,722	11,832,331
Net Position at End of Year	$3,384,901	$8,181,404	$696,953	$12,263,258

See accompanying notes to the basic financial statements.

City of Logan, Ohio
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2018

	Water	Sewer	Nonmajor	Total Enterprise Funds
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	$2,017,868	$1,786,380	$258,842	$4,063,090
Cash Payments for Employee Services and Benefits	(853,574)	(506,424)	(77,290)	($1,437,288)
Cash Payments to Suppliers for Goods and Services	(823,248)	(514,494)	(55,427)	($1,393,169)
Other Operating Revenues	6,473	5,965	478	$12,916
Other Operating Expenses	(538)	0	0	($538)
Net Cash Provided by Operating Activities	346,981	771,427	126,603	1,245,011
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(3,927,815)	(1,390,658)	(164,146)	(5,482,619)
Capital Grants	280,000	639,675	0	919,675
Proceeds from Sale of Capital Assets	3,946	0	0	3,946
Proceeds of Loans	4,504,336	761,054	0	5,265,390
Principal Paid on General Obligation Bonds	(14,011)	0	0	(14,011)
Principal Paid on Loans	(869,014)	(246,931)	0	(1,115,945)
Principal Paid on Capital Leases	(2,101)	(12,605)	(27,312)	(42,018)
Interest Paid on General Obligation Bonds	(1,430)	0	0	(1,430)
Interest Paid on Loans	(390)	(236,260)	0	(236,650)
Interest Paid on Capital Leases	(364)	(2,184)	(4,733)	(7,281)
Net Cash Used for Capital and Related Financing Activities	(26,843)	(487,909)	(196,191)	(710,943)
Net Increase (Decrease) in Cash and Cash Equivalents	320,138	283,518	(69,588)	534,068
Cash and Cash Equivalents at Beginning of Year	585,848	1,185,830	416,012	2,187,690
Cash and Cash Equivalents at End of Year	$905,986	$1,469,348	$346,424	$2,721,758
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	$52,620	$226,180	$111,663	$390,463
Adjustments:				
Depreciation	148,042	438,314	36,244	622,600
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	36,262	(43,158)	(34,166)	(41,062)
Intergovernmental Receivable	0	85,951	0	85,951
Materials and Supplies Inventory	(10,475)	(5,380)	0	(15,855)
Prepaid Items	(1,440)	(1,212)	(67)	(2,719)
Deferred Outflows - Pension	165,518	131,269	19,781	316,568
Deferred Outflows - OPEB	54,370	16,589	2,085	73,044
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	16,973	18,518	2,978	38,469
Accrued Wages Payable	8,224	(2,017)	251	6,458
Intergovernmental Payable	(45,286)	(20,115)	(6,989)	(72,390)
Leave Benefits Payable	5,285	3,080	(2,255)	6,110
Compensated Absences Payable	10,608	1,319	0	11,927
Net Pension Liability	14,374	10,542	958	25,874
Net OPEB Liability	23,691	17,373	1,579	42,643
Deferred Inflows - Pension	(123,649)	(83,087)	(4,917)	(211,653)
Deferred Inflows - OPEB	(8,136)	(22,739)	(542)	(31,417)
Net Cash Provided by Operating Activities	$346,981	$771,427	$126,603	$1,245,011

See accompanying notes to the basic financial statements.

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Note 1 – Description of City and Reporting Entity

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

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

Reporting Entity

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

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

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

Hocking Metropolitan Housing Authority
Hocking County Council on Aging, Incorporated
Hocking County Regional Planning Commission
Buckeye Hills Regional Council

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

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

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

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

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

The other nonmajor enterprise fund of the City accounts for the revenues generated from the charges to maintain the storm water system of the City.

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

C. Measurement Focus

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

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

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

D. Basis of Accounting

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

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, hotel tax, charges for services, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balance to net position of governmental activities found on page 19. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 11 and 12)

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

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

E. Budgetary Process

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

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

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

F. Cash and Cash Equivalents

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

During 2018, investments were limited to STAR Ohio and certificates of deposit. Certificates of deposit are reported at cost.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million, per day, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest is credited to the General Fund, the Capital Improvements Capital Projects Fund, the Economic Development Special Revenue Fund, and the Cemetery Endowment Permanent Fund. Interest revenue credited to the General Fund during 2018 amounted to $22,188, which includes $8,508 assigned from other City funds.

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

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. The City did have prepaid items for 2018.

I. Loans Receivable

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

J. Capital Assets

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

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

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.

K. Interfund Activity

Deferred inflows of resources and deferred outflows of resources from the change in proportionate share related to pension items are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column on the government-wide statement of net position.

L. Compensated Absences

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

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

M. Accrued Liabilities and Long-Term Obligations

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 and compensated absences 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. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds and capital leases are recognized as a liability on the governmental fund financial statements when due.

N. Fund Balance

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

> ***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans, if any.
>
> ***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

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

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

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

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

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

O. Net Position

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

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

P. Pensions/Other Postemployment Benefits (OPEB)

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

Q. Operating Revenues and Expenses

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

R. Internal Activity

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

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

S. 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.

T. 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.

Note 3 – Change in Accounting Principle and Restatement of Net Position

For fiscal year 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus* 2017; Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension;* and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan*

Reporting).
For 2018, the City also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the City's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

	Governmental Activities	Business - Type Activities
Net Position December 31, 2017	$5,864,045	$12,496,758
Adjustments:		
Net OPEB Liability	(3,559,597)	(674,682)
Deferred Outflow - Payments Subsequent to Measurement Date	16,304	10,255
Restated Net Position December 31, 2017	$2,320,752	$11,832,331

	Water	Sewer	Nonmajor	Total Enterprise
Net Position December 31, 2017	$3,348,249	$9,148,509	$0	$12,496,758
Adjustments:				
Assets	0	(821,061)	821,061	0
Net OPEB Liability	(299,859)	(349,835)	(24,988)	(674,682)
Deferred Outflow - Payments Subsequent to Measurement Date	4,558	5,317	380	10,255
Deferred Outflow - Pension	0	(45,041)	45,041	0
Liabilities	0	247,422	(247,422)	0
Deferred Inflow - Pension	0	350	(350)	0
Restated Net Position December 31, 2017	$3,052,948	$8,185,661	$593,722	$11,832,331

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

In addition to the restatement for the OPEB liability, the City also restated the Sewer and Nonmajor (Storm Water) Enterprise Funds to better present the activity in each fund. In prior years, the Nonmajor Enterprise Fund was combined with the Sewer Enterprise Fund for financial statement presentation purposes.

Note 4 – Fund Balances

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

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

Fund Balances	General	Capital Improvements	Other Governmental	Total
Nonspendable:				
Loans	$0	$0	$97,584	$97,584
Prepaids	5,364	355	399	6,118
Inventories	19,500	0	26,573	46,073
Endowments	0	0	137,380	137,380
Total Nonspendable	24,864	355	261,936	287,155
Restricted for:				
Street Improvements	0	0	319,849	319,849
Law Enforcement	0	0	42,118	42,118
Fire Protection	0	0	107,499	107,499
Community Development	0	0	69,690	69,690
Cemeteries	0	0	38,597	38,597
Capital Improvements	0	748,794	0	748,794
Total Restricted	0	748,794	577,753	1,326,547
Committed for:				
Fire Equipment	0	0	22,090	22,090
Parks and Recreation	0	0	24,011	24,011
Total Committed	0	0	46,101	46,101
Assigned to:				
Purchases on Order	41,255	0	0	41,255
Assigned to Subsequent Year's Appropriations	107,347	0	0	107,347
Total Assigned	148,602	0	0	148,602
Unassigned:	2,376,012	0	0	2,376,012
Total Fund Balances	$2,549,478	$749,149	$885,790	$4,184,417

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 in incurred (GAAP).

3. Encumbrances are treated as expenditures (budget) rather than restricted, committed, or assigned fund balance (GAAP).

4. Unrecorded and prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.

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

Net Change in Fund Balance

	General
GAAP Basis	$576,673
Revenue Accruals	(11,803)
Expenditure Accruals	(306,101)
Beginning of Year:	
Unrecorded Interest	25
End of Year:	
Unrecorded Interest	(15)
Prepaid Items	(5,364)
Encumbrances	74,608
Budget Basis	$328,023

Note 6 – Deposits and Investments

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

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

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

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

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, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

6. The State Treasurer's investment pool (STAR Ohio);

7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and

8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

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

At year end, the City had $9,566 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents”.

Investments

Investments are reported at fair value. As of December 31, 2018, the City had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Moody's	Percent of Total Investments
Net Asset Value (NAV) Per Share:				
STAR Ohio	$130,509	Average 44.9 Days	Aaa	100%

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the City’s recurring fair value measurements as of December 31, 2018. The City’s investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Credit Risk STAR Ohio carries a rating of Aaa 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.

Concentration of Credit Risk The City's investment policy places no limit on the amount it may invest in any one issuer.

Note 7 – Receivables

Receivables at December 31, 2018, consisted of municipal income taxes, property taxes, accounts (billings for user fees including unbilled utility services), permissive motor vehicle license taxes, hotel tax, loans, and intergovernmental receivables arising from entitlements and shared revenues, and accrued interest on investments. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes become a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2018, was $6.60 per $1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Real Property	$109,093,120
Public Utility Real Property	8,148,920
Total Assessed Value	$117,242,040

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, 2018, and for which there is an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance current year operations is offset to deferred inflows of resources – property taxes. On the accrual basis, delinquent collectible property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

B. Income Taxes

The City levies a municipal income tax of 2 percent on substantially all earned income arising from employment, residency, or business activities within the City as well as income of residents earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to the full amount of the tax owed.

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

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

C. Intergovernmental Receivable

A summary of intergovernmental receivables follows:

Governmental Activities:	
Local Government	$102,267
Homestead and Rollback	32,273
Gasoline Tax	122,642
Motor Vehicle License Tax	24,855
School Resource Officer Grant	33,641
Community Development Block Grant	300,000
ODNR Nature Works Grant	6,958
Miscellaneous	710
Total Governmental Activities	623,346
Business-Type Activities:	
Community Development Block Grant	85,324
Miscellaneous	220
Total Business-Type Activities	85,544
Total Intergovernmental Receivables	$708,890

Note 8 – Tax Abatements

As of December 31, 2018, Hocking County provides tax abatements through two programs: The Enterprise Zone (EZ) Tax Exemptions and the Community Reinvestment Area (CRA) Tax Abatements. Currently there are no EZ Agreements for the City of Logan.

Enterprise Zone Tax Exemptions

For 2018, City property taxes were not reduced under an enterprise tax zone exemption agreement entered into by Hocking County.

Community Reinvestment Area (CRA)

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

Below is the information relevant to the disclosure of those programs for the year ended December 31, 2018.

Tax Abatement Program	Amount of 2018 Taxes Abated
Community Reinvestment Area (CRA)	
- Retail	$27,975

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Note 9 – Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance at 12/31/17	Additions	Deductions	Balance at 12/31/18
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	$1,016,036	$0	$0	$1,016,036
Construction in Progress	53,682	29,578	76,302	6,958
Total Non-Depreciable Capital Assets	1,069,718	29,578	76,302	1,022,994
Depreciable Capital Assets:				
Land Improvements	4,231,238	0	0	4,231,238
Buildings and Improvements	1,855,699	0	0	1,855,699
Furniture, Fixtures, and Equipment	1,772,226	62,313	(38,597)	1,795,942
Vehicles	2,795,872	83,702	(8,100)	2,871,474
City Streets	8,309,784	194,855	0	8,504,639
Street Signals	895,038	0	0	895,038
Total Depreciable Capital Assets	19,859,857	340,870	(46,697)	20,154,030
Less Accumulated Depreciation:				
Land Improvements	(2,416,565)	(64,509)	0	(2,481,074)
Buildings and Improvements	(1,083,902)	(39,946)	0	(1,123,848)
Furniture, Fixtures, and Equipment	(1,391,927)	(72,205)	38,597	(1,425,535)
Vehicles	(1,530,569)	(165,367)	8,100	(1,687,836)
City Streets	(6,630,609)	(133,249)	0	(6,763,858)
Street Signals	(811,884)	(5,355)	0	(817,239)
Total Accumulated Depreciation	(13,865,456)	(480,631) *	46,697	(14,299,390)
Total Capital Assets being Depreciated, Net	5,994,401	(139,761)	0	5,854,640
Governmental Activities Capital Assets, Net	$7,064,119	($110,183)	$76,302	$6,877,634

*Depreciation expense was charged to governmental programs as follows:

General Government	$64,943
Security of Persons and Property:	
Police	63,065
Fire	110,748
Transportation	201,834
Public Health Services	12,630
Leisure Time Activities	27,411
Total Depreciation Expense	$480,631

	Balance at 12/31/17	Additions	Deductions	Balance at 12/31/18
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	$216,600	$0	$0	$216,600
Construction in Progress	1,013,905	6,951,897	(1,898,913)	6,066,889
Total Capital Assets not being Depreciated	1,230,505	6,951,897	(1,898,913)	6,283,489
Depreciable Capital Assets:				
Land Improvements	63,268	7,564	0	70,832
Furniture, Fixtures, and Equipment	1,302,986	20,368	(6,085)	1,317,269
Vehicles	566,682	0	(14,715)	551,967
Infrastructure	28,394,192	2,237,034	0	30,631,226
Total Capital Assets being Depreciated	30,327,128	2,264,966	(20,800)	32,571,294
Less Accumulated Depreciation:				
Land Improvements	(61,798)	(291)	0	(62,089)
Furniture, Fixtures, and Equipment	(1,033,560)	(47,035)	6,085	(1,074,510)
Vehicles	(259,472)	(44,187)	13,244	(290,415)
Infrastructure	(9,570,186)	(531,087)	0	(10,101,273)
Total Accumulated Depreciation	(10,925,016)	(622,600)	19,329	(11,528,287)
Total Capital Assets being Depreciated, Net	19,402,112	1,642,366	(1,471)	21,043,007
Business-Type Activities Capital Assets, Net	$20,632,617	$8,594,263	($1,900,384)	$27,326,496

Note 10 – Risk Management

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

Property and Liability	Deductible	Limits of Coverage
Buildings and Contents	$5,000	$32,403,969
Boiler and Machinery		4,000,000
Employee Dishonesty		500,000
Crime Insurance		10,000
Employee Benefits Liability	1,000	1,000,000
Employer's Liability Stop-Gap		1,000,000
Law Enforcment Liability	10,000	1,000,000
Public Officials Liability	10,000	1,000,000
Umbrella Coverage		1,000,000
Vehicles:		
Automobile Liability		1,000,000
Uninsured Motorist		1,000,000
General Liability Per Occurrence		1,000,000
General Liability Aggregate Limit		2,000,000
Garage Keeper		60,000

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

For 2018, the City paid the state workers' compensation system a premium based on a rate per $100 of salaries. This rate is calculated based on accidents, history, and administrative costs. The participation in this state mandated insurance fund allows the City to transfer all risk associated with workers compensation.

Note 11 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability /Net OPEB Liability

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net pension/OPEB asset* or a long-term *net pension/OBEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

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

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

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

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension ****	14.0 %
Post-employment Health Care Benefits ****	0.0
Total Employer	14.0 %
Employee	10.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

**** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2018, The City's contractually required contribution was $266,857 for the traditional plan. Of this amount, $32,268 is reported as an intergovernmental payable for the traditional plan.

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

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

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

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

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

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

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

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

	Police	Firefighters
2018 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2018 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was $314,988 for 2018. Of this amount, $38,314 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the City's defined benefit pension plans:

	OPERS	OP&F	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.01404300%	0.07059900%	
Prior Measurement Date	0.01296700%	0.06288200%	
Change in Proportionate Share	0.00107600%	0.00771700%	
Proportionate Share of the:			
Net Pension Liability	$2,203,073	$4,332,980	$6,536,053
Pension Expense	$521,150	$536,737	$1,057,887

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At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

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	OPERS	OP&F	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$2,250	$65,756	$68,006
Changes of assumptions	263,282	188,811	452,093
Changes in proportion and differences between City contributions and proportionate share of contributions	150,823	371,368	522,191
City contributions subsequent to the measurement date	266,857	314,988	581,845
Total Deferred Outflows of Resources	$683,212	$940,923	$1,624,135
Deferred Inflows of Resources			
Differences between expected and actual experience	$43,416	$7,839	$51,255
Net difference between projected and actual earnings on pension plan investments	472,971	149,888	622,859
Changes in proportion and differences between City contributions and proportionate share of contributions	7,352	138,523	145,875
Total Deferred Inflows of Resources	$523,739	$296,250	$819,989

$581,845 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2019	$282,772	$143,481	$426,253
2020	12,467	104,074	116,541
2021	(208,271)	(51,174)	(259,445)
2022	(194,352)	(12,147)	(206,499)
2023	0	116,829	116,829
Thereafter	0	28,622	28,622
Total	($107,384)	$329,685	$222,301

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82 percent for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	100.00 %	5.66 %

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

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability			
OPERS Traditional Plan	$3,912,099	$2,203,073	$778,263

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2017, compared with January 1, 2016, are presented below.

	January 1, 2017	January 1, 2016
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

For the January 1, 2016 valuation, rates of death were based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

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

Note: Assumptions are geometric.
* levered 2x

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

Discount Rate For 2017, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2016 was 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	$6,006,646	$4,332,980	$2,967,951

Note 12 – Defined Benefit OPEB Plans

Net Pension Liability

See Note 11 for a description of the net OPEB liability

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City had no contractually required contributions for 2018.

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

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 a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required contribution to OP&F was $7,644 for 2018. Of this amount, $932 is reported as an intergovernmental payable.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.013410%	0.0705990%	
Prior Measurement Date	0.012370%	0.0628820%	
Change in Proportionate Share	0.0010400%	0.0077170%	
Proportionate Share of the Net OPEB Liability	$1,456,227	$4,000,040	$5,456,267
OPEB Expense	$156,055	$364,065	$520,120

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$1,134	$0	$1,134
Changes of assumptions	106,029	390,319	496,348
Changes in proportion and differences between City contributions and proportionate share of contributions	71,067	314,862	385,929
City contributions subsequent to the measurement date	0	7,644	7,644
Total Deferred Outflows of Resources	$178,230	$712,825	$891,055
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$20,175	$20,175
Net difference between projected and actual earnings on OPEB plan investments	108,479	26,330	134,809
Total Deferred Inflows of Resources	$108,479	$46,505	$154,984

$7,644 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2019	$58,092	$93,564	$151,656
2020	58,092	93,564	151,656
2021	(19,314)	93,564	74,250
2022	(27,119)	93,564	66,445
2023	0	100,147	100,147
Thereafter	0	184,273	184,273
Total	$69,751	$658,676	$728,427

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	$1,934,661	$1,456,227	$1,069,179

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	$1,393,299	$1,456,227	$1,521,230

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Currrent measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

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

Note: Assumptions are geometric.
* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes. The OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

Discount Rate The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	$5,000,099	$4,000,040	$3,230,532

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

Year	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	1% Decrease	Current Rates	1% Increase
City's proportionate share of the net OPEB liability	$3,107,303	$4,000,040	$5,203,148

Changes between Measurement Date and Report Date

In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City's NOL is not known.

Note 13 – Employee Benefits

A. Insurance

In 2018, the City contracted with One America to provide all employees with $25,000 each in life and accidental death and dismemberment insurance.

The City provides comprehensive major medical insurance through Medical Mutual of Ohio. During 2018, the monthly premium for the single coverage higher deductible and co-pay plan was $854.81, of which, the City pays $726.59. Monthly premium for single lower deductible and co-pay was $730.80, with the City paying $705.80 of the premium. The monthly premium for family lower deductible and co-pay was $1,878.15. The City pays $1,778.15 of the premium for employees participating in the family lower deductible and co-pay plans with the remainder being paid by the employees. Monthly premiums for the higher deductible and co-pay plan are $2,196.86 for family coverage. The City pays $1867.34 of the premiums for employees participating in the family higher deductible and co-pay plans with the remainder being paid by the employees.

B. Compensated Absences

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

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

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

Note 14 – Significant Commitments

A. Contractual Commitments

As of December 31, 2018, the City had contractual commitments as follows:

Project	Fund	Contract Amount	Amount Expended	Balance at 12/31/2018
Kalchelmacher Park Improvements	Capital Improvement	$9,705	$6,958	$2,747
Design and Engineering Water Treatment Plant	Water	16,311,513	5,980,771	10,330,742
Logan 2018 Water System Asset Management Plan	Water	20,000	14,497	5,503
Water System Improvements 2019	Water	182,400	71,621	110,779
Totals		$16,523,618	$6,073,847	$10,449,771

B. Encumbrances

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

General Fund	$74,608
Capital Improvements Fund	48,743
Nonmajor Governmental Funds	776
Water Enterprise Fund	61,751
Nonmajor Enterprise Fund	4,026
Total	$189,904

Note 15 – Capital Leases – Lessee Disclosure

In previous years, the City had entered into capitalized lease agreements for fire rescue equipment, police cruisers, and two fire trucks. The leases meet the criteria of a capital lease which is defined as a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the fund financial statements. Principal payments made in 2018 totaled $137,668 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
2019	$140,140
2020	43,867
Total Minimum Lease Payments	184,007
Less: Amount Representing Interest	(6,155)
Present Value of Net Minimum Lease Payments	$177,852

The equipment and vehicles has been capitalized in the amount of $823,055, the present value of the minimum lease payments at the inception of the lease. The accumulated depreciation as of December 31, 2018, was $288,532, leaving a remaining book value of $534,523 for 2018.

In prior years, the City entered into a capitalized lease agreement in the amount of $359,862 for the purchase of a Vactor Truck. Principal payments made in 2018 totaled $42,018 in the Water, Sewer, and nonmajor enterprise 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
2019	$49,299
2020	49,299
2021	143,945
Total Minimum Lease Payments	242,543
Less: Amount Representing Interest	(14,912)
Present Value of Net Minimum Lease Payments	$227,631

The vehicle has been capitalized in the amount of $359,862, the present value of the minimum lease payments at the inception of the lease. The accumulated depreciation as of December 31, 2018, was $107,958, leaving a remaining book value of $251,904.

Note 16 – Long-Term Obligations

A schedule of changes in long-term obligations of the City during 2018 follows:

	Principal Outstanding 12/31/17	Additions	Deductions	Principal Outstanding 12/31/18	Amounts Due in One Year
Governmental Activities:					
2010 Energy Conservation General Obligation Bonds - 4.375%	$72,220	$0	$27,977	$44,243	$29,211
2016 Police Cruiser Bond - 2.875%	26,800	0	6,400	20,400	6,600
Total Bonds Payable	99,020	0	34,377	64,643	35,811
Capital Leases	315,520	0	137,668	177,852	134,357
Net Pension Liability:					
OPERS	1,354,508	0	341,096	1,013,412	0
OP&F	3,982,882	350,098	0	4,332,980	0
Total Net Pension Liability	5,337,390	350,098	341,096	5,346,392	0
Net OPEB Liability:					
OPERS	574,730	95,135	0	669,865	0
OP&F	2,984,867	1,015,173	0	4,000,040	0
Total Net OPEB Liability	3,559,597	1,110,308	0	4,669,905	0
Compensated Absences	108,720	10,164	5,911	112,973	0
Total Governmental Activities	$9,420,247	$1,470,570	$519,052	$10,371,765	$170,168
Business-Type Activities:					
2010 Energy Conservation General Obligation Bonds - 4.375%	$36,170	$0	$14,011	$22,159	$14,629
2011 OWDA Sewer Plant Improvements Loan - 2.87%	8,289,291	0	230,642	8,058,649	237,309
2016 OWDA Water Treatment Plant Improvement Loan - 1.64%	849,056	5,667	854,723	0	0
2017 OWDA Phase 2 Sanitary Sewer Rehab Loan - 2.29%	251,421	761,054	0	1,012,475	0
2014 OPWC Sanitary Sewer Evaluation Survey Loan - 0%	456,078	0	16,289	439,789	16,288
2016 OPWC Well H Emergency Rehab Survey Loan - 0%	19,184	0	650	18,534	650
2018 OWDA Water System Improvement Loan - 2.45%	0	4,431,109	0	4,431,109	0
2018 OWDA Asset Management Water Loan - 0%	0	135	0	135	0
2018 OWDA Water Distribution Replacement Loan - 0%	0	2,356	0	2,356	0
2018 Water Equipment Loan Loan - 3.540%	0	65,069	13,641	51,428	12,185
Total Loans Payable	9,865,030	5,265,390	1,115,945	14,014,475	266,432
Capital Leases	269,649	0	42,018	227,631	43,153
Net Pension Liability - OPERS	1,590,077	0	400,416	1,189,661	0
Net OPEB Liability - OPERS	674,682	141,146	29,466	786,362	0
Compensated Absences	46,067	11,886	0	57,953	9,960
Total Business-Type Activities	$12,481,675	$5,418,422	$1,601,856	$16,298,241	$334,174

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, Sewer, and nonmajor Enterprise Funds. Capital lease obligations are paid from general property tax revenues from the Fire Levy Special Revenue Fund and charges for services revenue from the Fire Equipment Capital Projects Fund. There are no repayment schedules for the net pension/OPEB liabilities. However, employer pension contributions are made from the following funds: General Fund, Water Fund, Sewer Fund, and the nonmajor Enterprise Fund. For additional information related to the net pension/OPEB liabilities, see Notes 11 and 12.

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

Principal and interest requirements to retire the General Fund's portion of the energy conservation general obligation bonds outstanding at December 31, 2018, are as follows:

Year Ended December 31,	Principal	Interest	Total
2019	$29,211	$1,622	$30,833
2020	15,032	330	15,362
	$44,243	$1,952	$46,195

Principal and interest requirements to retire the Water Enterprise Fund's portion of the energy conservation general obligation bonds outstanding at December 31, 2018, are as follows:

Year Ended December 31,	Principal	Interest	Total
2019	$14,629	$812	$15,441
2020	7,530	165	7,695
	$22,159	$977	$23,136

During 2016, the City entered into a bond agreement in the amount of $33,000 for the purchase of police cruisers. Payments will be made from the Capital Improvements Fund. Principal and interest requirements to retire the Police Cruiser Bonds at December 31, 2018, are as follows:

Year Ended December 31,	Principal	Interest
2019	$6,600	$587
2020	6,800	397
2021	7,000	201
	$20,400	$1,185

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

Principal and interest requirements to retire the Sewer Improvement Plant Loan outstanding at December 31, 2018, are as follows:

Year Ended December 31,	Principal	Interest	Total
2019	$237,309	$229,593	$466,902
2020	244,169	222,733	466,902
2021	251,227	215,675	466,902
2022	258,489	208,413	466,902
2023	265,961	200,941	466,902
2024 - 2028	1,449,661	884,847	2,334,508
2029 - 2033	1,671,648	662,862	2,334,510
2034 - 2038	1,927,629	406,880	2,334,509
2039 - 2042	1,752,556	115,052	1,867,608
	$8,058,649	$3,146,996	$11,205,645

The 2016 OWDA Water Treatment Plant Improvements Loan, authorized in the amount of $854,723, is being used for water treatment plant improvements. The loan activity is reflected in the Water Enterprise Fund which received the proceeds and will repay the debt. This loan was retired during 2018 with a new OWDA Loan.

The 2017 OWDA Sanitary Sewer Phase 2 Rehabilitation Loan, authorized in the amount of $1,263,083, is being used to finance phase 2 of the sanitation sewer project. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and will repay the debt. The loan has not been fully drawn down and no amortization schedule has been established.

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

Principal requirements to retire the Sanitary Sewer Evaluation Loan outstanding at December 31, 2018, are as follows:

Year Ended December 31,	Principal
2019	$16,288
2020	16,288
2021	16,288
2022	16,288
2023	16,288
2024 - 2028	81,442
2029 - 2033	81,442
2034 - 2038	81,442
2039 - 2043	81,442
2044 - 2045	32,581
	$439,789

During 2016, the City entered into a loan in the amount of $19,509 with the Ohio Public Works Commission for the emergency rehabilitation of a well. The loan activity is reflected in the Water Enterprise Fund which received the proceeds and will repay the debt. Principal payments are due in January and July of each year through 2047.

Principal requirements to retire the Emergency Rehabilitation Loan outstanding at December 31, 2018, are as follows:

Year Ended December 31,	Principal
2019	$650
2020	650
2021	650
2022	650
2023	650
2024 - 2028	3,250
2029 - 2033	3,250
2034 - 2038	3,250
2039 - 2043	3,250
2044 - 2047	2,284
	$18,534

The 2018 OWDA Water System Improvements Loan, authorized in the amount of $10,857,080, is being used to finance the construction for a new water treatment plant. The loan activity is reflected in the Water Enterprise Fund which received the proceeds and will repay the debt. The loan has not been fully drawn down and no amortization schedule has been established.

The 2018 OWDA Asset Management Plan Loan, authorized in the amount of $10,170, is being used to finance the water plan project. The loan activity is reflected in the Water Enterprise Fund which received the proceeds and will repay the debt. The loan has not been fully drawn down and no amortization schedule has been established.

The 2018 OWDA Water Distribution Replacement Loan, authorized in the amount of $176,900, is being used to finance the replacement of water lines. The loan activity is reflected in the Water 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.

During 2018, the City entered into a loan in the amount of $65,069 with the Citizens Bank of Logan for the purchase of a water valve machine. The loan activity is reflected in the Water Enterprise Fund which received the proceeds and will repay the debt. Principal payments are due in June of each year through 2022.

Principal requirements to retire the Water Equipment Loan outstanding at December 31, 2018, are as follows:

Year Ended December 31,	Principal
2019	$12,185
2020	12,618
2021	13,075
2022	13,550
	$51,428

The City has pledged future sewer customer revenues to repay the OWDA loans. The loans are payable solely from net revenues. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. The total principal and interest remaining to be paid on the loans are unknown at this time since the Sewer Improvement Plant loan and Sanitary Sewer Evaluation loans are not fully drawn out. Principal and interest payments for the current year were $483,191, net revenues were $664,494, and total revenues were $1,749,511.

The City's overall legal debt margin was $12,238,586 at December 31, 2018.

Note 17 – Interfund Transfers and Balances

A. Internal Balances - Change in Proportionate Share

The City uses an internal proportionate share to allocate its net pension/OPEB liabilities and corresponding deferred outflows/inflows of resources and pension/OPEB expense to its various funds. This allocation creates a change in internal proportionate share. The effects of the internal proportionate are eliminated from the pension/OPEB deferred outflows/inflows of resources in the business-type activities column of the statement of net position.

Eliminations made in the business-type activities column include internal eliminations totaling $125,866 to the deferred outflow/inflow of resources for the water and sewer enterprise funds.

B. Transfers

The General Fund made a $10,000 transfer to the Recreation Special Revenue Fund. This transfer was used to move unrestricted revenue collected in the General Fund to finance this program accounted for in the other fund in accordance with budgetary authorizations. The Capital Improvement fund made a transfer of $3,000 to the Recreation Special Revenue fund. These transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Note 18 – Jointly Governed Organizations

A. Hocking Metropolitan Housing Authority

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

B. Hocking County Council on Aging, Incorporated

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

C. Hocking County Regional Planning Commission

The City participates in the Hocking County Regional Planning Commission, which is a statutorily created political subdivision of the State. The Commission is governed by a nine member board composed of the Mayor of the City of Logan, the three Hocking County Commissioners, the County Engineer, the County Sanitarian, and three individuals from the public sector. Each member's control over the operation of the Commission is limited to its representation of the board. The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of Hocking County. In 2018, 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 Regional Council

The Buckeye Hills Regional Council (Council) serves as the Area Agency on Aging for Washington, Athens, Hocking, Meigs, Monroe, Morgan, Noble, and Perry Counties. The Council was created to foster a cooperative effort in regional planning, programming, and implementing plans and programs. The Council is governed by a fifteen member board of directors. The board has 15 members composed of four non-elected representative, Mayors of the two largest cities in the Council, and eight county representatives appointed by County Commissioners. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board.

The Council administers County Community Development Block Grant and Issue II monies. The continued existence of the Council is not dependent on the City's continued participation and no equity interest exists. In 2018, the City contributed $715 to the Council. Financial information can be obtained by contacting Buckeye Hills Regional Council office at 1400 Pike Street, Marietta, Ohio 45750.

Note 19 – Contingent Liabilities

A. Grants

The City received financial assistance from the federal and state agencies in the form of grants. The distribution of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2018.

B. Litigation

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

Note 20 – Subsequent Event

On April 2, 2019, the City issued $3,000,000 in Swimming Pool Facility General Obligation Bonds for the purpose of paying the costs to construct a new swimming pool.

Note 21 – Special Investigation

The Pickaway County Prosecutor's Office is conducting a special investigation. As of the date of this report, the investigation is ongoing. The results of the investigation will be reported on at a later date.

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City of Logan, Ohio

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

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.140430%	0.012967%	0.012104%	0.013301%	0.013301%
City's Proportionate Share of the Net Pension Liability	$2,203,073	$2,944,585	$2,096,567	$1,604,250	$1,568,015
City's Covered Payroll	$1,855,854	$1,673,908	$1,508,733	$1,902,567	$1,197,023
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	118.71%	175.91%	138.96%	84.32%	130.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

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

See accompanying notes to the required supplementary information

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

	2018	2017
City's Proportion of the Net OPEB Liability	0.0134100%	0.0123700%
City's Proportionate Share of the Net OPEB Liability	$1,456,227	$1,249,412
City's Covered Payroll	$1,899,108	$1,707,100
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	76.68%	73.19%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information.

City of Logan, Ohio

Required Supplementary Information

Schedule of the City's Proportionate Share of the

Net Pension Liability

Ohio Police and Fire Pension Fund

Last Five Years (1)

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.0705990%	0.0628820%	0.0656540%	0.0671353%	0.0671353%
City's Proportionate Share of the Net Pension Liability	$4,332,980	$3,982,882	$4,223,568	$3,477,888	$3,269,699
City's Covered Payroll	$1,513,724	$1,369,305	$1,358,608	$1,358,137	$1,243,117
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	286.25%	290.87%	310.87%	256.08%	263.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	68.36%	66.77%	71.71%	73.00%

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

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

See accompanying notes to the required supplementary information.

City of Logan, Ohio

Required Supplementary Information

Schedule of the City's Proportionate Share of the

Net OPEB Liability

Ohio Police and Fire Pension Fund

Last Two Years (1)

	2018	2017
City's Proportion of the Net OPEB Liability	0.0705990%	0.0628820%
City's Proportionate Share of the Net OPEB Liability	$4,000,040	$2,984,867
City's Covered Payroll	$1,513,724	$1,369,305
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	264.25%	217.98%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.13%	15.96%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information.

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City of Logan, Ohio
Required Supplementary Information
Schedule of the City's Contributions
Ohio Public Employees Retirement System
Last Six Years (1)(2)

	2018	2017	2016
Net Pension Liability - Traditional Plan			
Contractually Required Contribution	$266,857	$241,261	$200,869
Contributions in Relation to the Contractually Required Contribution	(266,857)	(241,261)	(200,869)
Contribution Deficiency (Excess)	$0	$0	$0
City Covered Payroll	$1,906,121	$1,855,854	$1,673,908
Pension Contributions as a Percentage of Covered Payroll	14.00%	13.00%	12.00%
Net OPEB Liability - OPEB Plan			
Contractually Required Contribution	$0	$18,991	$34,142
Contributions in Relation to the Contractually Required Contribution	0	(18,991)	(34,142)
Contribution Deficiency (Excess)	$0	$0	$0
City Covered Payroll (3)	$1,950,664	$1,899,108	$1,707,100
OPEB Contributions as a Percentage of Covered Payroll	0.00%	1.00%	2.00%

(1) Information prior to 2013 is not available for traditional plan.
(2) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.
(3) The OPEB plan includes the members from the traditional plan, the combined plan, and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See accompanying notes to the required supplementary information.

2015	2014	2013
$181,048	$228,308	$155,613
(181,048)	(228,308)	(155,613)
$0	$0	$0
$1,508,733	$1,902,567	$1,197,023
12.00%	12.00%	13.00%

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

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	$314,988	$311,993	$283,812	$281,652
Contributions in Relation to the Contractually Required Contribution	(314,988)	(311,993)	(283,812)	(281,652)
Contribution Deficiency (Excess)	$0	$0	$0	$0
City Covered Payroll (1)	$1,528,671	$1,513,724	$1,369,305	$1,358,608
Pension Contributions as a Percentage of Covered Payroll	20.61%	20.61%	20.73%	20.73%
Net OPEB Liability				
Contractually Required Contribution	$7,644	$7,568	$6,846	$6,793
Contributions in Relation to the Contractually Required Contribution	(7,644)	(7,568)	(6,846)	(6,793)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%
Total Contributions as a Percentage of Covered Payroll	21.11%	21.11%	21.23%	21.23%

(1) The City's Covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information.

2014	2013	2012	2011	2010	2009
$280,957	$218,678	$177,431	$168,673	$158,256	$169,524
(280,957)	(218,678)	(177,431)	(168,673)	(158,256)	(169,524)
$0	$0	$0	$0	$0	$0
$1,358,137	$1,243,117	$1,229,040	$1,158,176	$1,094,721	$1,163,221
20.69%	17.59%	14.44%	14.56%	14.46%	14.57%
$6,791	$44,960	$82,961	$78,177	$73,894	$78,517
(6,791)	(44,960)	(82,961)	(78,177)	(73,894)	(78,517)
$0	$0	$0	$0	$0	$0
0.50%	3.62%	6.75%	6.75%	6.75%	6.75%
21.19%	21.21%	21.19%	21.31%	21.21%	21.32%

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Changes in Assumptions – OPERS Pension

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

	2017	2016 and prior
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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

Changes in Assumptions – OP&F Pension

Amounts reported for 2018 incorporate changes in assumptions used by OP&F in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and prior are presented below:

	2018	2017 and Prior
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Amounts reported for 2018 use valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Amounts reported for 2018 use valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

Amounts reported for 2017 and prior use valuation, rates of death were based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

Changes in Assumptions – OPERS OPEB

For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

Changes in Assumptions – OP&F OPEB

For 2018, the single discount rate changed from 3.79 percent to 3.24 percent.

CITY OF LOGAN
HOCKING COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through Ohio Development Services Agency			
Community Development Block Grants	14.228	B-X-17-1BH-1	$280,000
Community Development Block Grants	14.228	A-W-17-2CG-1	447,294
Total U.S. Department of Housing and Urban Development			**727,294**
U.S. DEPARTMENT OF AGRICULTURE			
Direct from Federal Government			
Water and Waste Disposal Systems for Rural Communities	10.760	n/a	3,508,544
Total U.S. Department of Agriculture			**3,508,544**
U.S. DEPARTMENT OF JUSTICE			
Passed Through Ohio Office of Criminal Justice Services			
Edward Byrne Memorial Competitive Grant Program	16.751	2017-JG-LLE-5869	10,528
Total U.S. Department of Justice			**10,528**
APPALACHIAN REGIONAL COMMISSION			
Passed Through Ohio Development Services Agency			
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	A-P-17-2CG-1	192,382
Total Appalachian Regional Commission			**192,382**
Total Expenditures of Federal Awards			**$4,438,748**

The accompanying notes are an integral part of this schedule.

CITY OF LOGAN
HOCKING COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Logan, Hocking County, Ohio (the City) under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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CITY OF LOGAN
HOCKING COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Logan, Hocking County, Ohio (the City) under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

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The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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OHIO AUDITOR OF STATE
KEITH FABER

53 Johnson Road
The Plains, Ohio 45780-1231
(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

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

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Hocking County, Ohio (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 25, 2019, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standard Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

September 25, 2019

53 Johnson Road
The Plains, Ohio 45780-1231
(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the City Council:

Report on Compliance for the Major Federal Program

We have audited the City of Logan's, Hocking County, Ohio (the City), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the City's major federal program for the year ended December 31, 2018. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the City's major federal program.

Management's Responsibility

The City's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the City's compliance for the City's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City's major program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal program for the year ended December 31, 2018.

Report on Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

September 25, 2019

CITY OF LOGAN
HOCKING COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Program (list):** • Water and Waste Disposal Systems for Rural Communities, CFDA #10.760	
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE
KEITH FABER

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
OCTOBER 8, 2019

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