



CITY OF LOGAN, OHIO

Hocking County

Single Audit

For the Year Ended December 31, 2002

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS





**Auditor of State
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of the City of Logan, Hocking County, prepared by J. L. Uhrig & Associates, Inc., for the audit period January 1, 2002 to December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

July 17, 2003

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the City of Logan, Ohio (the City) as of and for the year ended December 31, 2002. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of December 31, 2002, and the results of its operations and cash flows of its proprietary fund types and similar trust fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 17, 2003 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 grants. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

June 17, 2003

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City of Logan, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups
 December 31, 2002

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Debt Service
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Cash and Cash Equivalents	\$842,416	\$419,542	\$607,628	\$11,353
Cash and Cash Equivalents in Segregated Account	0	0	0	0
Investments	0	0	0	0
<u>Receivables:</u>				
Property Taxes	156,610	132,165	0	0
Income Taxes	372,357	0	93,090	0
Payment in Lieu of Taxes	0	0	0	139,031
Intergovernmental	271,604	138,174	131,151	8,772
Accounts	0	0	0	0
Accrued Interest	7,653	294	0	0
Loans	0	143,675	0	0
Prepaid Items	4,339	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service for the Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debit	<u>\$1,654,979</u>	<u>\$833,850</u>	<u>\$831,869</u>	<u>\$159,156</u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust And Agency	General Fixed Assets	General Long-Term Obligations	
\$364,957	\$859	\$21,887	\$0	\$0	\$2,268,642
0	0	30,420	0	0	30,420
0	0	65,034	0	0	65,034
0	0	0	0	0	288,775
0	0	0	0	0	465,447
0	0	0	0	0	139,031
3,357	0	0	0	0	553,058
345,180	0	0	0	0	345,180
0	0	1,051	0	0	8,998
0	0	0	0	0	143,675
3,366	0	0	0	0	7,705
9,396,838	0	0	9,497,809	0	18,894,647
0	0	0	0	11,353	11,353
0	0	0	0	1,657,627	1,657,627
<u>\$10,113,698</u>	<u>\$859</u>	<u>\$118,392</u>	<u>\$9,497,809</u>	<u>\$1,668,980</u>	<u>\$24,879,592</u>

(Continued)

Combined Balance Sheet
All Fund Types and Account Groups (Continued)
December 31, 2002

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Debt Service
<u>Liabilities, Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$23,713	\$0	\$225	\$0
Contracts Payable	2,650	0	26	0
Accrued Salaries Payable	47,189	5,685	0	0
Accrued Interest Payable	0	0	0	0
Intergovernmental Payable	34,831	530	0	0
Deferred Revenue	488,912	246,391	111,434	147,803
Compensated Absences Payable	10,754	1,870	0	0
State Infrastructure Bank Loan	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Due to Others	0	0	0	0
Capital Leases Payable	0	0	0	0
OWDA Loans Payable	0	0	0	0
Mortgage Revenue Bonds Payable	0	0	0	0
Total Liabilities	608,049	254,476	111,685	147,803
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	1,289	0	3,706	0
Reserved for Loans	0	143,675	0	0
Reserved for Endowments	0	0	0	0
Unreserved	1,045,641	435,699	716,478	11,353
Total Fund Equity and Other Credits	1,046,930	579,374	720,184	11,353
Total Liabilities, Fund Equity and Other Credits	\$1,654,979	\$833,850	\$831,869	\$159,156

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust And Agency	General Fixed Assets	General Long-Term Obligations	
\$28,803	\$0	\$0	\$0	\$0	\$52,741
0	0	0	0	0	2,676
17,200	0	0	0	0	70,074
125,984	0	0	0	0	125,984
22,272	0	0	0	119,523	177,156
0	0	0	0	0	994,540
72,128	0	0	0	174,115	258,867
0	0	0	0	184,677	184,677
0	0	0	0	1,125,000	1,125,000
0	0	30,420	0	0	30,420
38,767	0	0	0	65,665	104,432
2,028,550	0	0	0	0	2,028,550
1,422,400	0	0	0	0	1,422,400
<u>3,756,104</u>	<u>0</u>	<u>30,420</u>	<u>0</u>	<u>1,668,980</u>	<u>6,577,517</u>
0	0	0	9,497,809	0	9,497,809
1,116,587	0	0	0	0	1,116,587
5,241,007	859	0	0	0	5,241,866
0	0	0	0	0	4,995
0	0	0	0	0	143,675
0	0	65,034	0	0	65,034
0	0	22,938	0	0	2,232,109
<u>6,357,594</u>	<u>859</u>	<u>87,972</u>	<u>9,497,809</u>	<u>0</u>	<u>18,302,075</u>
<u>\$10,113,698</u>	<u>\$859</u>	<u>\$118,392</u>	<u>\$9,497,809</u>	<u>\$1,668,980</u>	<u>\$24,879,592</u>

City of Logan, Ohio
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances
 All Governmental Fund Types
 For the Year Ended December 31, 2002

	General	Governmental Special Revenue
<u>Revenues:</u>		
Property Taxes	\$151,948	\$126,939
Municipal Income Taxes	1,757,578	0
Intergovernmental	504,374	408,041
Charges for Services	191,898	28,753
Fines, Licenses, and Permits	82,718	3,305
Interest	35,613	3,571
Donations	1,390	0
Other	17,957	0
	<u>2,743,476</u>	<u>570,609</u>
 <u>Expenditures:</u>		
Current:		
Security of Persons and Property	1,515,696	272,241
Public Health Services	243,300	0
Basic Utility Services	530	0
Leisure Time Activities	150,860	0
Community Environment	14,228	26,006
Transportation	315,065	343,067
General Government	510,875	0
Other	5,097	0
Capital Outlay	0	0
Debt Service:		
Principal Retirement	0	0
Interest and Fiscal Charges	0	0
	<u>2,755,651</u>	<u>641,314</u>
Total Expenditures		
	<u>(12,175)</u>	<u>(70,705)</u>
 <u>Other Financing Sources (Uses):</u>		
Operating Transfers - In	0	4,000
Operating Transfers - Out	(4,000)	0
Inception of Capital Leases	0	25,179
	<u>(4,000)</u>	<u>29,179</u>
Total Other Financing Sources (Uses)		
	<u>(16,175)</u>	<u>(41,526)</u>
 Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		
	<u>1,063,105</u>	<u>620,900</u>
Fund Balances at Beginning of Year - As Restated		
	<u>\$1,046,930</u>	<u>\$579,374</u>

See accompanying notes to the general purpose financial statements

Fund Types		Totals
Capital Projects	Debt Service	(Memorandum Only)
\$0	\$4,708	\$283,595
439,395	0	2,196,973
2,100,532	523	3,013,470
21,600	0	242,251
0	0	86,023
641	959	40,784
0	0	1,390
0	0	17,957
<u>2,562,168</u>	<u>6,190</u>	<u>5,882,443</u>
0	0	1,787,937
0	0	243,300
0	0	530
0	0	150,860
0	0	40,234
0	0	658,132
0	0	510,875
0	0	5,097
2,486,482	0	2,486,482
0	113,800	113,800
0	53,449	53,449
<u>2,486,482</u>	<u>167,249</u>	<u>6,050,696</u>
<u>75,686</u>	<u>(161,059)</u>	<u>(168,253)</u>
0	39,871	43,871
(39,871)	0	(43,871)
40,486	0	65,665
<u>615</u>	<u>39,871</u>	<u>65,665</u>
76,301	(121,188)	(102,588)
<u>643,883</u>	<u>132,541</u>	<u>2,460,429</u>
<u>\$720,184</u>	<u>\$11,353</u>	<u>\$2,357,841</u>

City of Logan, Ohio
 Combined Statement of Revenues, Expenditures and Changes
 in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types
 For the Year Ended December 31, 2002

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$131,797	\$151,948	\$20,151
Municipal Income Taxes	1,534,917	1,769,593	234,676
Intergovernmental	397,789	458,607	60,818
Charges for Services	166,450	191,898	25,448
Fines, Licenses, and Permits	71,663	82,620	10,957
Interest	44,908	51,774	6,866
Donations	1,206	1,390	184
Revolving Loans	0	0	0
Other	16,924	19,512	2,588
Total Revenues	2,365,654	2,727,342	361,688
<u>Expenditures:</u>			
Current:			
Security of Persons and Property	1,570,422	1,529,106	41,316
Public Health Services	253,383	240,392	12,991
Basic Utility Services	9,193	8,345	848
Leisure Time Activities	152,226	150,210	2,016
Community Environment	15,777	14,297	1,480
Transportation	342,223	309,900	32,323
General Government	558,615	532,850	25,765
Other	6,614	5,097	1,517
Capital Outlay	0	0	0
Debt Service:			0
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	2,908,453	2,790,197	118,256
Excess of Revenues Over (Under) Expenditures	<u>(542,799)</u>	<u>(62,855)</u>	<u>479,944</u>
<u>Other Financing Sources (Uses):</u>			
Operating Transfers - In	0	0	0
Operating Transfers - Out	(4,000)	(4,000)	0
Total Other Financing Sources (Uses)	<u>(4,000)</u>	<u>(4,000)</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(546,799)	(66,855)	479,944
Fund Balances at Beginning of Year	905,620	905,620	0
Prior Year Encumbrances Appropriated	1,160	1,160	0
Fund Balances at End of Year	<u>\$359,981</u>	<u>\$839,925</u>	<u>\$479,944</u>

See accompanying notes to the general purpose financial statements

Special Revenue Funds			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$115,693	\$126,939	\$11,246	\$0	\$0	\$0
0	0	0	415,218	442,398	27,180
489,982	436,528	(53,454)	2,209,061	2,171,564	(37,497)
30,782	28,753	(2,029)	21,600	21,600	0
3,000	3,346	346	0	0	0
6,130	3,602	(2,528)	1,900	641	(1,259)
0	0	0	0	0	0
10,430	5,734	(4,696)	0	0	0
0	0	0	0	0	0
<u>656,017</u>	<u>604,902</u>	<u>(51,115)</u>	<u>2,647,779</u>	<u>2,636,203</u>	<u>(11,576)</u>
289,399	272,310	17,089	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
53,300	26,082	27,218	0	0	0
351,795	320,087	31,708	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	2,772,029	2,593,191	178,838
0	0	0	0	0	0
0	0	0	0	0	0
<u>694,494</u>	<u>618,479</u>	<u>76,015</u>	<u>2,772,029</u>	<u>2,593,191</u>	<u>178,838</u>
<u>(38,477)</u>	<u>(13,577)</u>	<u>24,900</u>	<u>(124,250)</u>	<u>43,012</u>	<u>167,262</u>
4,283	4,000	(283)	0	0	0
0	0	0	(41,000)	(39,871)	1,129
<u>4,283</u>	<u>4,000</u>	<u>(283)</u>	<u>(41,000)</u>	<u>(39,871)</u>	<u>1,129</u>
(34,194)	(9,577)	24,617	(165,250)	3,141	168,391
427,677	427,677	0	505,421	505,421	0
99	99	0	95,135	95,135	0
<u>\$393,582</u>	<u>\$418,199</u>	<u>\$24,617</u>	<u>\$435,306</u>	<u>\$603,697</u>	<u>\$168,391</u>

(Continued)

City of Logan, Ohio
 Combined Statement of Revenues, Expenditures and Changes
 in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types (Continued)
 For the Year Ended December 31, 2002

	Debt Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$0	\$4,708	\$4,708
Municipal Income Taxes	0	0	0
Intergovernmental	0	1,046	1,046
Charges for Services	0	0	0
Fines, Licenses, and Permits	0	0	0
Interest	1,000	959	(41)
Donations	0	0	0
Revolving Loans	0	0	0
Other	0	0	0
Total Revenues	1,000	6,713	5,713
<u>Expenditures:</u>			
Current:			
Security of Persons and Property	0	0	0
Public Health Services	0	0	0
Basic Utility Services	0	0	0
Leisure Time Activities	0	0	0
Community Environment	0	0	0
Transportation	0	0	0
General Government	0	0	0
Other	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	118,928	113,800	5,128
Interest and Fiscal Charges	55,072	53,449	1,623
Total Expenditures	174,000	167,249	6,751
Excess of Revenues Over (Under) Expenditures	(173,000)	(160,536)	12,464
<u>Other Financing Sources (Uses):</u>			
Operating Transfers - In	45,000	39,871	(5,129)
Operating Transfers - Out	0	0	0
Total Other Financing Sources (Uses)	45,000	39,871	(5,129)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(128,000)	(120,665)	7,335
Fund Balances at Beginning of Year	132,018	132,018	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balances at End of Year	\$4,018	\$11,353	\$7,335

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$247,490	\$283,595	\$36,105
1,950,135	2,211,991	261,856
3,096,832	3,067,745	(29,087)
218,832	242,251	23,419
74,663	85,966	11,303
53,938	56,976	3,038
1,206	1,390	184
10,430	5,734	(4,696)
16,924	19,512	2,588
<u>5,670,450</u>	<u>5,975,160</u>	<u>304,710</u>
1,859,821	1,801,416	58,405
253,383	240,392	12,991
9,193	8,345	848
152,226	150,210	2,016
69,077	40,379	28,698
694,018	629,987	64,031
558,615	532,850	25,765
6,614	5,097	1,517
2,772,029	2,593,191	178,838
118,928	113,800	5,128
<u>55,072</u>	<u>53,449</u>	<u>1,623</u>
<u>6,548,976</u>	<u>6,169,116</u>	<u>379,860</u>
<u>(878,526)</u>	<u>(193,956)</u>	<u>684,570</u>
49,283	43,871	(5,412)
<u>(45,000)</u>	<u>(43,871)</u>	<u>1,129</u>
<u>4,283</u>	<u>0</u>	<u>(4,283)</u>
(874,243)	(193,956)	680,287
1,970,736	1,970,736	0
<u>96,394</u>	<u>96,394</u>	<u>0</u>
<u>\$1,192,887</u>	<u>\$1,873,174</u>	<u>\$680,287</u>

City of Logan, Ohio
 Combined Statement of Revenues,
 Expenses and Changes in Fund Equity
 All Proprietary Fund Types and Similar Trust Funds
 For the Year Ended December 31, 2002

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- Expendable Trust</u>	
<u>Operating Revenues:</u>				
Charges for Services	\$2,080,269	\$14,892	\$0	\$2,095,161
Other	23,578	0	0	23,578
Total Operating Revenues	<u>2,103,847</u>	<u>14,892</u>	<u>0</u>	<u>2,118,739</u>
<u>Operating Expenses:</u>				
Personal Services	768,950	0	0	768,950
Fringe Benefits	146,305	0	0	146,305
Contractual Services	368,171	14,372	0	382,543
Supplies and Materials	145,744	0	0	145,744
Other	3,874	0	189	4,063
Depreciation	268,381	0	0	268,381
Total Operating Expenses	<u>1,701,425</u>	<u>14,372</u>	<u>189</u>	<u>1,715,986</u>
Operating Income	402,422	520	(189)	402,753
<u>Non-Operating Revenue (Expenses):</u>				
Interest Income	0	0	2,193	2,193
Interest and Fiscal Charges	(250,598)	0	0	(250,598)
Total Non-Operating Revenue (Expenses)	<u>(250,598)</u>	<u>0</u>	<u>2,193</u>	<u>(248,405)</u>
Net Income	151,824	520	2,004	152,155
Retained Earnings/Fund Balance at Beginning of Year - As Restated	<u>5,089,183</u>	<u>339</u>	<u>85,968</u>	<u>5,175,490</u>
Retained Earnings/Fund Balance at End of Year	5,241,007	859	87,972	5,327,645
Contributed Capital at Beginning and End of Year	<u>1,116,587</u>	<u>0</u>	<u>0</u>	<u>1,116,587</u>
Total Fund Equity at End of Year	<u><u>\$6,357,594</u></u>	<u><u>\$859</u></u>	<u><u>\$87,972</u></u>	<u><u>\$6,444,232</u></u>

See accompanying notes to the general purpose financial statements

City of Logan, Ohio
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity - Budget and Actual (Budget Basis)
 All Proprietary Fund Types and Similar Trust Funds
 For the Year Ended December 31, 2002

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$1,942,050	\$1,998,251	\$56,201
Tap-In Fees	24,247	24,500	253
Interest Income	0	0	0
Other	22,689	23,578	889
Total Revenues	1,988,986	2,046,329	57,343
<u>Expenses:</u>			
Personal Services	810,470	771,587	38,883
Fringe Benefits	149,900	147,369	2,531
Contractual Services	398,923	370,904	28,019
Supplies and Materials	178,613	141,913	36,700
Other	1,000	705	295
Capital Outlay	152,330	85,735	66,595
<u>Debt Service:</u>			
Principal Retirement	304,579	304,347	232
Interest and Fiscal Charges	261,226	261,226	0
Total Expenses	2,257,041	2,083,786	173,255
Excess of Revenues Over (Under) Expenses	(268,055)	(37,457)	230,598
Fund Equity at Beginning of Year	332,145	332,145	0
Prior Year Encumbrances Appropriated	60,691	60,691	0
Fund Equity at End of Year	\$124,781	\$355,379	\$230,598
See accompanying notes to the general purpose financial statements			(Continued)

City of Logan, Ohio
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity - Budget and Actual (Budget Basis)
 All Proprietary Fund Types and Similar Trust Funds (Continued)
 For the Year Ended December 31, 2002

	Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$16,600	\$14,892	(\$1,708)
Tap-In Fees	0	0	0
Interest Income	0	0	0
Other	0	0	0
Total Revenues	16,600	14,892	(1,708)
<u>Expenses:</u>			
Personal Services	0	0	0
Fringe Benefits	0	0	0
Contractual Services	15,450	14,372	1,078
Supplies and Materials	0	0	0
Other	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenses	15,450	14,372	1,078
Excess of Revenues Over (Under) Expenses	1,150	520	(630)
Fund Equity at Beginning of Year	339	339	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Equity at End of Year	\$1,489	\$859	(\$630)

See accompanying notes to the general purpose financial statements

Non-Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$1,958,650	\$2,013,143	\$54,493
0	0	0	24,247	24,500	253
4,300	3,093	(1,207)	4,300	3,093	(1,207)
0	0	0	22,689	23,578	889
<u>4,300</u>	<u>3,093</u>	<u>(1,207)</u>	<u>2,009,886</u>	<u>2,064,314</u>	<u>54,428</u>
0	0	0	810,470	771,587	38,883
0	0	0	149,900	147,369	2,531
0	0	0	414,373	385,276	29,097
0	0	0	178,613	141,913	36,700
3,000	189	2,811	4,000	894	3,106
0	0	0	152,330	85,735	66,595
0	0	0	304,579	304,347	232
0	0	0	261,226	261,226	0
<u>3,000</u>	<u>189</u>	<u>2,811</u>	<u>2,275,491</u>	<u>2,098,347</u>	<u>177,144</u>
1,300	2,904	1,604	(265,605)	(34,033)	231,572
84,017	84,017	0	416,501	416,501	0
0	0	0	60,691	60,691	0
<u>\$85,317</u>	<u>\$86,921</u>	<u>\$1,604</u>	<u>\$211,587</u>	<u>\$443,159</u>	<u>\$231,572</u>

City of Logan, Ohio
 Combined Statement of Cash Flows
 All Proprietary Fund Types and Similar Trust Funds
 For the Year Ended December 31, 2002

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- Expendable Trust</u>	
Increase (Decrease) in <u>Cash and Cash Equivalents</u>				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$2,024,402	\$14,892	\$0	\$2,039,294
Cash Payments for Employee Services and Benefits	(918,956)	0	0	(918,956)
Cash Payments to Suppliers for Goods and Services	(511,168)	(14,372)	0	(525,540)
Other Non-Operating Revenues	23,578	0	0	23,578
Other Operating Expenses	(705)	0	(189)	(894)
Net Cash Provided by (Used for) Operating Activities	<u>617,151</u>	<u>520</u>	<u>(189)</u>	<u>617,482</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition of Capital Assets	(85,735)	0	0	(85,735)
Principal Paid on Debt	(304,347)	0	0	(304,347)
Interest Paid on Debt	(261,226)	0	0	(261,226)
Net Cash Used for Capital and Related Financing Activities	<u>(651,308)</u>	<u>0</u>	<u>0</u>	<u>(651,308)</u>
<u>Cash Flows from Investing Activities:</u>				
Interest on Investments	<u>0</u>	<u>0</u>	<u>3,093</u>	<u>3,093</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(34,157)	520	2,904	(30,733)
Cash and Cash Equivalents Beginning of Year	<u>399,114</u>	<u>339</u>	<u>18,983</u>	<u>418,436</u>
Cash and Cash Equivalents End of Year	<u>\$364,957</u>	<u>\$859</u>	<u>\$21,887</u>	<u>\$387,703</u>

See accompanying notes to the general purpose financial statements

(Continued)

City of Logan, Ohio
 Combined Statement of Cash Flows
 All Proprietary Fund Types and Similar Trust Funds (Continued)
 For the Year Ended December 31, 2002

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- Expendable Trust</u>	
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Operating Income	\$402,422	\$520	(\$189)	\$402,753
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	268,381	0	0	268,381
Changes in Assets and Liabilities:				
Increase in Accounts Receivable	(55,848)	0	0	(55,848)
Increase in Intergovernmental Receivables	(19)	0	0	(19)
Increase in Prepaid Items	(3,060)	0	0	(3,060)
Increase in Accounts Payable	5,307	0	0	5,307
Increase in Accrued Salaries Payable	1,681	0	0	1,681
Increase in Intergovernmental Payables	2,199	0	0	2,199
Decrease in Compensated Absences Payable	(3,912)	0	0	(3,912)
Net Cash Provided by (Used for) Operating Activities	<u>\$617,151</u>	<u>\$520</u>	<u>(\$189)</u>	<u>\$617,482</u>

Non-Cash Capital Financing Activity: The Sewer Enterprise Fund has entered into a capital lease in the amount of \$50,096.

Cash and Cash Equivalents - All Fiduciary Funds	\$52,307
Cash and Cash Equivalents - Agency Fund	<u>30,420</u>
Cash and Cash Equivalents - Non-Expendable Trust Funds	<u>\$21,887</u>

See accompanying notes to the general purpose financial statements

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

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

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

A. Reporting Entity

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

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

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

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

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

The City participates in certain organizations which are defined as jointly governed organizations and an insurance purchasing pool. These organizations are presented in Notes 11 and 18 to the General Purpose Financial Statements. The organizations are:

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

B. Basis of Presentation - Fund Accounting

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

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

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

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

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

Governmental Fund Types:

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

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

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

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

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

Proprietary Fund Types:

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

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

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

Fiduciary Fund Types:

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

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

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

Non-Expendable Trust Funds - These funds are accounted for in essentially the same manner as proprietary funds; the principal of the trust must be preserved.

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

Account Groups:

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Measurement Focus and Basis of Accounting

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

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

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

The modified accrual basis of accounting is followed for the governmental funds, the expendable trust fund, and the agency fund. The full accrual basis of accounting is followed for the proprietary funds and the non-expendable trust fund.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized. If available, 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) and revenue from grants, entitlements, and donations is 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 specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, state-levied locally shared taxes, interest, grants, fees, and rentals.

Deferred Revenue- Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2002, but which were levied to finance year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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.

B. Budgetary Process

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

Tax Budget

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

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimated Resources

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

Appropriations

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

Encumbrances

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

Lapsing of Appropriations

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

C. Cash and Cash Equivalents

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

During 2002, investments were limited to STAR Ohio, repurchase agreements, and nonnegotiable certificates of deposit. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2002.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest is credited to the General Fund; the Street Construction, the State Highway, and the Economic Development Special Revenue Funds; the Police Building Debt Service Fund; the Capital Improvement Capital Projects Fund; and the Cemetery Endowment Non-Expendable Trust Fund. Interest revenue credited to the General Fund during 2002 amounted to \$35,613, which includes \$22,708 assigned from other City funds.

The City has a segregated bank account for monies used to meet payroll obligations held separate from the City's central bank account. This bank account is presented in the combined balance sheet as "Cash and Cash Equivalents in Segregated Account".

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

D. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

E. Fixed Assets and Depreciation

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

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

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

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

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

Buildings and Improvements	20-50 years
Furniture, Fixtures, and Equipment	6-15 years
Vehicles	5 years
Infrastructure	40 years

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Compensated Absences

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

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

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

G. Long-Term Debt Obligations

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

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

H. Contributed Capital

Prior to 2001, contributed capital represented resources from other funds, other governments, and private sources provided to enterprise funds that is not subject to repayment. Because the City had not prepared financial statements in accordance with Generally Accepted Accounting Principles prior to 1994, the exact amount of contributed capital pertaining to prior years cannot be determined. Consequently, only those amounts that have been able to be identified specifically have been classified as contributed capital in the accompanying combined financial statements.

Capital contributions received after 2001 from other governments and private sources have been recorded as revenues and are reported as retained earnings. Contributions from other funds are still recorded as contributed capital.

I. Capitalization of Interest

The City's policy is to capitalize net interest on proprietary fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax exempt borrowing used to finance the project and the interest earned from temporary investments of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2002, interest costs incurred on construction projects in proprietary funds were not material.

CITY OF LOGAN, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Reservations of Fund Equity

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

K. Interfund Transactions

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

L. Total Columns on General Purpose Financial Statements

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

NOTE 3 – PRIOR PERIOD ADJUSTMENTS

For the year ended December 31, 2001, the incorrect posting of tax incremental financing bonds payable into the Water Enterprise Fund instead of the General Long-Term Obligations Account Group, resulted in an increase of the respective fund balance/retained earnings of \$132,541 in the Debt Service Fund and \$74,733 in the Water Enterprise Fund, which resulted in the increase of fund balance/retained earnings from \$0 to \$132,541 in the Debt Service Fund Type and from \$5,014,450 to \$5,089,183 in the Enterprise Fund Type. This also resulted in an increase of \$983,143 in contributed capital in the Enterprise Fund Type.

NOTE 4 – COMPLIANCE

The following fund had appropriations in excess of estimated resources plus available balances for the year ended December 31, 2002:

	Resources	Appropriations	Excess
Capital Projects Fund:			
Municipal Public Improvement Tax	\$0	\$300,000	(\$300,000)

The City will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

CITY OF LOGAN, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

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

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

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

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

	General	Special Revenue	Capital Projects	Debt Service
GAAP Basis	(\$16,175)	(\$41,526)	\$76,301	(\$121,188)
Revenue Accruals	(16,234)	3,075	33,549	523
Expenditure Accruals	(28,924)	22,931	(102,778)	0
Unreported Cash	100	305	0	0
Revolving Loans	0	5,734	0	0
Prepaid Items	(3,348)	(96)	0	0
Encumbrances	(2,274)	0	(3,931)	0
Budget Basis	<u>(\$66,855)</u>	<u>(\$9,577)</u>	<u>\$3,141</u>	<u>(\$120,665)</u>

CITY OF LOGAN, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

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

	Enterprise	Internal Service	Non- Expendable Trust
GAAP Basis	\$151,824	\$520	\$2,004
Revenue Accruals	(59,170)	0	900
Expense Accruals	5,275	0	0
Prepaid Items	(3,060)	0	0
Capital Outlay	(85,735)	0	0
Unreported Cash	1,652	0	0
Principal Retirement	(304,347)	0	0
Interest and Fiscal Charges	(10,628)	0	0
Depreciation Expense	268,381	0	0
Encumbrances	(1,649)	0	0
Budget Basis	(\$37,457)	\$520	\$2,904

NOTE 6 - DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Inactive deposits are public deposits that Council has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim 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 pass book accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United State Treasury or any other obligation guaranteed as to principal and interest by the United States;

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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

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

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is not default of principal, interest or coupons; and,
3. Obligations of the City.

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

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

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

Cash on Hand At year end, the City had \$9,489 in unreported cash on hand which is included in the Balance Sheet of the City as part of "Cash and Cash Equivalents".

Deposits At year end, the carrying amount of the City's deposits was \$932,042 and the bank balance was \$963,473. Of the bank balance:

1. \$203,166 was covered by federal depository insurance; and

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

2. \$760,307 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments The City's investments are required to be categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. Investments in STAR Ohio, mutual funds, and money market accounts are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Amount	Fair Value
Repurchase Agreement	\$465,188	\$465,188	\$465,194
STAR Ohio	0	957,377	957,377
	\$465,188	\$1,422,565	\$1,422,571

The classification of "Cash and Cash Equivalents" and "Investments" on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$2,299,062	\$65,034
Certificates of Deposit	65,034	(65,034)
Cash on Hand	(9,489)	0
Repurchase Agreement	(465,188)	465,188
STAR Ohio	(957,377)	957,377
GASB Statement 3	\$932,042	\$1,422,565

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property, and tangible personal property located in the City. Property tax revenue received during 2002 for real and public utility property taxes represents collections of 2001 taxes. Property tax payments received during 2002 for tangible personal property (other than public utility property) are for 2002 taxes.

2002 taxes collected from real property taxes (other than public utility) are levied after October 1, 2002 on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State Law at 35 percent of appraised market value. 2002 real property taxes are intended to finance 2003. All property is required to be revalued every six years. The last revaluation was completed in 2000. 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.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 7 - PROPERTY TAXES (continued)

2002 taxes collected on tangible personal property (other than public utility) are levied after October 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are 25 percent of true value for machinery and equipment and 24 percent of true value for inventory. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

2002 public utility real and tangible personal property taxes become a lien December 31, 2001, are levied after October 1, 2002, and are collected in 2003 with real property taxes. Public utility tangible personal property currently is at various percentages of true value; public utility real property is assessed at 35 percent of true value.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Logan. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represent real and tangible personal property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2002, and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2002 operations. The receivable is offset by deferred revenue.

The full tax rate for all City operations for the year ended December 31, 2002, was \$3.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2002 property tax receipts were based are as follows:

Real Property	\$79,796,790
Public Utility Real Property	13,410
Public Utility Tangible Personal Property	3,416,500
Tangible Personal Property	15,275,968
Total Assessed Value	<u><u>\$98,502,668</u></u>

NOTE 8 - INCOME TAX

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

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

Income tax proceeds are to be used for the purposes of general municipal operations, maintenance, new equipment, extension and enlargement of municipal services and facilities, and capital improvements of the City of Logan. In 2002, the General Fund received \$1,757,578 and the Capital Improvements Capital Projects Fund received \$439,395 in income tax revenue.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2002, consisted of taxes, accounts (billings for user charged services including unbilled utility services and outstanding court costs), accrued interest, and intergovernmental receivables arising from entitlements and shared revenues. All receivables are considered fully collectible.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 9 – RECEIVABLES (continued)

A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
<u>General Fund:</u>	
Estate Tax	\$94,209
Local Government	163,465
Homestead and Rollback	9,070
Kilowatt Per Hour	1,102
Miscellaneous	3,758
Total General Fund	<u>271,604</u>
<u>Special Revenue Funds:</u>	
Gasoline Tax	69,346
Homestead and Rollback	7,495
Kilowatt Per Hour	980
Motor Vehicle License Tax	42,125
COPS Grant	8,695
Ohio Department of Transportation Grant	9,449
Miscellaneous	84
Total Special Revenue Funds	<u>138,174</u>
<u>Capital Projects Funds:</u>	
Ohio Public Works Commission Grant	58,383
Nature Works Grant	72,768
Total Capital Projects Funds	<u>131,151</u>
<u>Debt Service Fund:</u>	
Homestead and Rollback	8,772
Total Debt Service Fund	<u>8,772</u>
<u>Enterprise Funds:</u>	
Sewer Services	3,357
Total Enterprise Funds	<u>3,357</u>
Total Intergovernmental Receivables	<u><u>\$553,058</u></u>

NOTE 10 - FIXED ASSETS

A summary of the enterprise funds' property, plant, and equipment at December 31, 2002, follows:

<u>Asset Category</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Land and Improvements	\$1,102,650	\$411,791	\$1,514,441
Buildings and Improvements	3,887,886	5,705,348	9,593,234
Infrastructure	706,881	521,562	1,228,443
Furniture, Fixtures, and Equipment	223,800	241,463	465,263
Vehicles	81,948	211,786	293,734
Total	<u>6,003,165</u>	<u>7,091,950</u>	<u>13,095,115</u>
Less: Accumulated Depreciation	(1,616,210)	(2,082,067)	(3,698,277)
Net Fixed Assets	<u><u>\$4,386,955</u></u>	<u><u>\$5,009,883</u></u>	<u><u>\$9,396,838</u></u>

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 10 - FIXED ASSETS (continued)

A summary of the changes in general fixed assets during 2002 follows:

Asset Category	Balance at 12/31/01	Additions	Deletions	Balance at 12/31/02
Land and Improvements	\$2,157,151	\$2,048,386	\$0	\$4,205,537
Buildings and Improvements	1,238,445	0	0	1,238,445
Furniture, Fixtures, and Equipment	2,178,151	131,513	0	2,309,664
Vehicles	1,522,214	130,842	0	1,653,056
Construction in Progress	389,123	38,165	336,181	91,107
Totals	\$7,485,084	\$2,348,906	\$336,181	\$9,497,809

NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2002, the City contracted with Wichert Insurance Services, Incorporated for all of the following insurance:

Property	Deductible	Limits of Coverage
Building and Contents	\$500	\$16,194,364
Boiler and Machinery	1,000	4,000,000
Employee Dishonesty	0	50,000
Crime Insurance	0	10,000
Automobile Liability	500	1,000,000
Uninsured Motorist	0	1,000,000
General Liability Per Occurrence	0	1,000,000
General Liability Aggregate Limit	0	2,000,000
Employee Benefits Liability	1,000	1,000,000
Employer's Liability Stop-Gap	0	1,000,000
Law Enforcement Liability	2,500	1,000,000
Public Officials Liability	2,500	1,000,000
Umbrella Coverage	0	1,000,000

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

For 2002, the City participated in the Municipal League of Ohio Worker's Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to achieve lower worker's compensation rates while establishing safer working conditions and environments for the participants. The worker's compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its worker's compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its information. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to cities that can meet the Plan's selection criteria. The firm of Gates McDonald provides administrative, cost control, and actuarial services to the Plan. Each year, the City pays an enrollment fee to the Plan to cover the costs of administering the program.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 11 - RISK MANAGEMENT (continued)

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

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

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2002 employer pension contribution rate for the City was 8.55 percent of covered payroll, decreased from 9.25 percent in 2001. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2002, 2001, and 2000, were \$126,627, \$148,512, and \$94,560, respectively. The full amount has been contributed for 2001 and 2000. 76 percent has been contributed for 2002 with the remainder being reported as fund liabilities.

B. Police and Firemen's Disability and Pension Fund

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 11.75 percent for police and 16.25 percent for firefighters. For 2001, the City contributions were 12 percent for police and 16.5 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$69,246 and \$47,433 for the year ended December 31, 2002, \$64,149 and \$54,002 for the year ended December 31, 2001, and \$61,089 and \$54,971 for the year ended December 31, 2000. The full amount has been contributed for 2001 and 2000. For police and fire 73 percent and 75 percent has been contributed for 2002, with the remainder being reported in the General Long-Term Obligations Account Group.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2002 employer contribution rate was 13.55 percent of covered payroll; 5 percent was the portion that was used to fund health care for 2002. For 2001, the contribution rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2001, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 402,041. The City's actual contributions for 2002 which were used to fund postemployment benefits were \$74,051. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2001, (the latest information available) were \$11,600 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$16,400 million and \$4,800 million, respectively.

B. Police and Firemen's Disability and Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2002. For 2001 the percent used to fund healthcare was 7.5 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2002 that were used to fund postemployment benefits were \$44,721 for police and \$22,279 for fire. The OP&F's total health care expense for the year ended December 31, 2001, (the latest information available) was \$122,298,771, which was net of member contributions of \$6,874,699. The number of OP&F participants eligible to receive health care benefits as of December 31, 2001, was 13,174 for police and 10,239 for firefighters.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 14 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Insurance

In 2002, the City contracted with Nationwide Health Plan to provide all employees with \$25,000 each in life insurance and accidental death insurance, except for the fire department employees which receive \$15,000 each in insurance.

NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE

During 2002, the City entered into capitalized lease agreements for a backhoe, sewer sludge truck, and a dump truck. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments made from governmental funds will be reclassified and will be reflected as debt service expenditures in the general purpose financial statements. These expenditures are reflected as program expenditures on a budgetary basis.

The items acquired by lease have been capitalized in the General Fixed Asset Account Group in the amount of \$75,655, and in the Sewer Enterprise Fund in the amount of \$60,096, which is equal to the present value of the future minimum lease payments at the time of acquisition. Corresponding liabilities were recorded in the General Long-Term Obligations Account Group and the Sewer Enterprise Fund. Principal payments in 2002 totaled \$11,329.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2002.

Year Ending December 31,	Governmental Obligations	Enterprise Obligations	Total
2003	\$23,843	\$11,329	\$35,172
2004	23,843	11,329	35,172
2005	23,843	11,329	35,172
2006	0	11,329	11,329
Total Minimum Lease Payments	71,529	45,316	116,845
Less: Amount Representing Interest	(5,864)	(6,549)	(12,413)
Present Value of Minimum Lease Payments	<u>\$65,665</u>	<u>\$38,767</u>	<u>\$104,432</u>

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 16 - LONG-TERM OBLIGATIONS

Changes in long-term obligations of the City for the year ended December 31, 2002, were as follows:

	Principal Outstanding 12/31/01	Additions	Deductions	Principal Outstanding 12/31/02
Enterprise Funds' Obligations:				
Water System Mortgage Revenue Bond- 5.00%	\$1,507,500	\$0	\$85,100	\$1,422,400
OWDA Sewer Improvement Loan - 8.31%	2,236,468	0	207,918	2,028,550
Capital Leases	0	50,096	11,329	38,767
Total Enterprise Funds' Long-Term Liabilities	3,743,968	50,096	304,347	3,489,717
General Long-Term Obligations:				
State Infrastructure Bank Loan - 3.00%	184,677	0	0	184,677
Police Station GO Bonds - 5.40%	38,800	0	38,800	0
Tax Incremental Financing Bonds - 4.50%	1,200,000	0	75,000	1,125,000
Capital Leases	0	65,665	0	65,665
Pension Obligations	80,290	119,523	80,290	119,523
Compensated Absences	168,567	119,310	113,762	174,115
Total General Long-Term Obligations	1,672,334	304,498	307,852	1,668,980
Total Long-Term Obligations	\$5,416,302	\$354,594	\$612,199	\$5,158,697

As of December 31, 2002, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$9,033,103.

Principal and interest requirements to retire the City's mortgage revenue bonds outstanding at December 31, 2002, are as follows:

Year Ended December 31,	Principal	Interest	Total
2003	\$89,300	\$71,120	\$160,420
2004	93,900	66,655	160,555
2005	98,500	61,960	160,460
2006	103,500	57,035	160,535
2007	108,700	51,860	160,560
2008-2012	630,100	172,200	802,300
2013-2014	298,400	22,560	320,960
	\$1,422,400	\$503,390	\$1,925,790

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

Principal and interest requirements to retire the City's OWDA Sewer Improvement Loan outstanding at December 31, 2002, are as follows:

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

Year Ended December 31,	Principal	Interest	Total
2003	\$225,197	\$168,572	\$393,769
2004	243,910	149,859	393,769
2005	264,179	129,590	393,769
2006	286,133	107,636	393,769
2007	309,910	83,859	393,769
2008-2009	699,221	88,317	787,538
	<u>\$2,028,550</u>	<u>\$727,833</u>	<u>\$2,756,383</u>

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

Principal and interest requirements to retire the City's State Infrastructure Bank Loan outstanding at December 31, 2002, are as follows:

Year Ended December 31,	Principal	Interest	Total
2003	\$29,513	\$10,101	\$39,614
2004	60,521	6,702	67,223
2005	62,569	4,654	67,223
2006	32,074	1,538	33,612
	<u>\$184,677</u>	<u>\$22,995</u>	<u>\$207,672</u>

The State Infrastructure Bank Loan represents amounts issued for the purpose of improving Hunter Street. The loan will be paid from income tax revenues through the Debt Service Fund.

Principal and interest requirements to retire the City's tax incremental financing bonds outstanding at December 31, 2002, are as follows:

Year Ended December 31,	Principal	Interest	Total
2003	\$114,272	\$49,353	\$163,625
2004	119,472	44,153	163,625
2005	124,908	38,717	163,625
2006	130,592	33,033	163,625
2007	136,535	27,090	163,625
2008-2011	499,221	43,999	543,220
	<u>\$1,125,000</u>	<u>\$236,345</u>	<u>\$1,361,345</u>

The tax incremental financing bonds represents amounts issued for the purpose of improving and extending the existing water system. The bonds will be paid by property tax revenues through the Debt Service Fund.

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

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 17 - SEGMENT INFORMATION

The City's enterprise funds account for the provision of sewer and water services. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the City of Logan as of and for the year ended December 31, 2002:

	Water	Sewer	Total
Operating Revenues	\$1,131,138	\$972,709	\$2,103,847
Depreciation	123,647	144,734	268,381
Operating Income	131,439	270,983	402,422
Net Non-Operating Expenses	(72,881)	(177,717)	(250,598)
Net Income	58,558	93,266	151,824
Additions to Fixed Assets	14,599	121,232	135,831
Net Working Capital	134,576	69,556	204,132
Total Assets	4,704,423	5,409,275	10,113,698
Long-Term Obligations to be Paid from			
Fund Revenues	1,373,092	1,858,954	3,232,046
Total Equity	3,148,439	3,209,155	6,357,594
Encumbrances Outstanding at			
December 31, 2002	1,413	236	1,649

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS

A. Hocking Metropolitan Housing Authority

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

B. Hocking County Council on Aging, Incorporated

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

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 2002, 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.

CITY OF LOGAN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS (continued)

D. Buckeye Hills-Hocking Valley Regional Development District

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

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

NOTE 19 - CONTINGENT LIABILITIES

A. Litigation

The City is currently not party to any litigation.

B. Federal and State Grants

For the period January 1, 2002, to December 31, 2002, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

CITY OF LOGAN, OHIO
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2002

Federal Grantor / Pass Through Grantor / Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. Department of Commerce</u>			
<i>Direct from the Federal Government:</i>			
Economic Development Grant	N/A	11.300	\$1,154,546
Total U.S. Department of Commerce			<u>1,154,546</u>
<u>U.S. Department of Justice</u>			
<i>Direct from the Federal Government:</i>			
Public Safety Partnership and Community Policing Grant	N/A	16.710	44,194
Public Safety Partnership and Community Policing Grant	N/A	16.710	32,313
Total U.S. Department of Justice			<u>76,507</u>
<u>U.S. Department of Transportation</u>			
<i>Passed through Ohio Department of Transportation:</i>			
Transit Operating Assistance Formula Grant	OH-18-X021	20.507	41,172
Total U.S. Department of Transportation			<u>41,172</u>
<u>Appalachian Regional Commission</u>			
<i>Direct from the Federal Government:</i>			
Appalachian Development Highway System Grant	N/A	23.003	270,819
Total Appalachian Regional Commission			<u>270,819</u>
Total Federal Awards Expenditures			<u><u>\$1,543,044</u></u>

Note 1 - Significant Accounting Policies

The City prepares its Schedule of Federal Awards Expenditures on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

Note 2 - Matching Requirements

Certain federal programs require that the City contribute non-federal funds (matching funds) to support the federally funded programs. The City has complied with the matching requirements. The expenditure of non-federal matching funds is not included in this schedule. Cash receipts from the federal agency are commingled with the City funds. It is assumed that federal monies were expended first.

**Report on Compliance and on Internal Control over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

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

We have audited the financial statements of the City of Logan, Ohio (the City), as of and for the year ended December 31, 2002 and have issued our report thereon dated June 17, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-001 and 2002-002.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operations that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operations of the internal control over financial reporting that in our judgement, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. This reportable condition is described in the accompanying schedule of findings and questioned costs as item 2002-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the item described above as a reportable condition to be a material weakness.

Members of Council
City of Logan, Ohio
Report on Compliance and on Internal Control over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

We also noted other matters involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated June 17, 2003.

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

June 17, 2003

**Report on Compliance with Requirements Applicable to Each Major
Program and Internal Control over Compliance in Accordance with
OMB Circular A-133**

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

Compliance

We have audited the compliance of the City of Logan, Ohio (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2002. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2002.

Internal Control over Compliance

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

Members of Council
City of Logan, Ohio
Report on Compliance with Requirements Applicable to Each Major
Program and Internal Control over Compliance in Accordance with
OMB Circular A-133

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the members of Council, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

June 17, 2003

CITY OF LOGAN, OHIO
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2002

A. SUMMARY OF AUDITOR'S RESULTS

1. Type of Financial Statement Opinion	Unqualified
2. Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?	Yes
3. Were there any other reportable internal control weaknesses reported at the financial statement level (GAGAS)?	No
4. Was there any material noncompliance reported at the financial statement level (GAGAS)?	Yes
5. Were there any material internal control weaknesses reported for major federal programs?	No
6. Were there any other reportable internal control weaknesses reported for major federal programs?	No
7. Type of Major Programs' Compliance Opinion	Unqualified
8. Are there any reportable findings under § .510?	No
9. Major Programs (list):	Economic Development Assistance Grant - - CFDA #11.300
10. Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All Other Programs
11. Low Risk Auditee?	No

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

Finding Number 2002-001

Section 5705.36 of the Ohio Revised Code, in summary, states that each subdivision is allowed to request increased or decreased amended certificates of estimated resources upon determination of the fiscal officer that revenue collected will be greater or less than the amount in the official certificate of estimated resources.

CITY OF LOGAN, OHIO
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2002

The City had one fund that had estimated resources that were less than the actual amounts received during the year. This has led to the City appropriating more than is actually available to spend in this same fund.

Finding Number 2002-002

Section 5705.41(D) of the Ohio Revised Code, in summary, states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. An exception to the requirements of this section permits the issuance of a Then and Now Certificate if the fiscal officer can certify that both at the time the contract or order was made and at the time that the certification is completed, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance. Certification is required before the City can authorize payment of the obligation. If the City uses a Then and Now Certificate and the expenditure is over \$1,000, the expenditure must be approved by the legislative authority within 30 days. During the year, several items were ordered and the City paid for these items without a properly approved or certified purchase order.

The City had several expenditures that did not have a properly approved and certified purchase order. All purchases of the City should be approved by the Service Director through a detailed purchase order before items are ordered. The purchase order should also be approved by the Auditor to certify that the funds are available before items are ordered. If purchase orders are not obtained before items are ordered, the Auditor should issue a Then and Now Certificate before any payment is made. Payments made without following these guidelines are a violation of the Ohio Revised Code section noted above.

Finding Number 2002-003

General Fixed Assets

The City does not have an updated detailed list of general fixed assets. In 1994, the City had an appraisal completed that provided a detailed list of all fixed assets. Each year thereafter, the City has updated the 1994 value of general fixed assets with the total value of additions to or disposals from general fixed assets during the year. Also, the City does not use acquisition or disposal forms to document information pertaining to and approval of fixed asset activity.

Keeping an updated list of fixed assets is an invaluable tool in analyzing replacement needs, insurance coverage, and reducing the risk of losing assets. With the advent of GASB Statement No. 34, it is imperative to have the fixed asset accounting system complete in order to meet the new reporting requirements.

We recommend that a detailed list of all general fixed assets be obtained. This detailed list should be updated annually and the existence of these assets should be verified annually by the department that maintains control over them. The City should also use a form to document the acquisition and disposal of fixed assets that is approved by the Supervisor, Department Head, or Service Director and serves as documentation for updating the detailed fixed asset list.

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs for federal awards.



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Betty Montgomery**

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CITY OF LOGAN

HOCKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 7, 2003**