

**CITY OF LOGAN
HOCKING COUNTY, OHIO**

Basic Financial Statements
(Audited)

For The Year Ended
December 31, 2010

KIM MILLER, CITY AUDITOR



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Logan, Hocking County, prepared by Julian & Grube, Inc., for the audit period January 1, 2010 through December 31, 2010. 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.

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Dave Yost
Auditor of State

August 29, 2011

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**CITY OF LOGAN
HOCKING COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

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

To the Members of Council and Mayor:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Hocking County, Ohio, as of and for the year ended December 31, 2010, which collectively comprise the City of Logan's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Logan's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Hocking County, Ohio, as of December 31, 2010, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund, community development block grant and fire levy funds 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 our report dated June 27, 2011, on our consideration of the City of Logan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Members of Council and Mayor
City of Logan
Page Two

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

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

Julian & Grube, Inc.
June 27, 2011

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

The discussion and analysis of the City of Logan's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2010. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2010 are as follows:

- In total, net assets increased \$639,476. Net assets of governmental activities increased \$315,509 or 3.4 percent from 2009. Net assets of business-type activities increased \$323,967, which represents a 3.0 percent increase from 2009.
- In total, assets increased \$362,986. Governmental activities increased \$414,577; the business-type activities assets decreased \$51,591.
- Overall, capital assets increased \$353,175. Total capital assets of governmental activities increased \$369,329, or 5.4 percent. Capital assets of business-type activities decreased \$16,154, or 0.1 percent.
- In total, liabilities decreased \$276,490. Total liabilities of governmental activities increased \$99,068. Total liabilities of business-type activities decreased \$375,558 from 2009.

USING THIS ANNUAL FINANCIAL REPORT

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

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

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

Reporting the City of Logan as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The Statement of Net Assets and Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

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

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

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

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

Reporting the City of Logan's Most Significant Funds

Fund Financial Statements

The basic governmental fund financial statements begin on page 16. Fund financial reports provide detailed information about the City's major funds. Based upon restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Logan, our major funds are the General, Community Development Block Grant, Fire Levy, Capital Improvements, Water, and Sewer Funds.

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

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

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

THE CITY OF LOGAN AS A WHOLE

Recall that the Statement of Net Assets provides the perspective of the City as a whole. Table 1 provides a summary of the City's net assets for 2010 compared to 2009.

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current and Other Assets	\$3,853,159	\$3,807,911	\$1,298,762	\$1,334,199	\$5,151,921	\$5,142,110
Capital Assets, Net	7,173,918	6,804,589	11,967,009	11,983,163	19,140,927	18,787,752
<i>Total Assets</i>	<u>11,027,077</u>	<u>10,612,500</u>	<u>13,265,771</u>	<u>13,317,362</u>	<u>24,292,848</u>	<u>23,929,862</u>
Liabilities						
Current and Other Liabilities	661,281	704,746	126,560	293,139	787,841	997,885
Long-Term Liabilities:						
Due within One Year	215,045	170,514	286,295	389,469	501,340	559,983
Due in More than One Year	598,082	500,080	1,579,363	1,685,168	2,177,445	2,185,248
<i>Total Liabilities</i>	<u>1,474,408</u>	<u>1,375,340</u>	<u>1,992,218</u>	<u>2,367,776</u>	<u>3,466,626</u>	<u>3,743,116</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	6,660,395	6,427,199	10,237,592	10,039,278	16,897,987	16,466,477
Restricted for:						
Perpetual Care:						
Non-Expendable	65,034	65,034	0	0	65,034	65,034
Police	35,515	42,897	0	0	35,515	42,897
Fire	84,011	100,246	0	0	84,011	100,246
Transportation	188,812	176,594	0	0	188,812	176,594
Recreation	23,549	13,457	0	0	23,549	13,457
Capital Projects	425,896	354,981	0	0	425,896	354,981
Other Purposes	636,776	724,955	0	0	636,776	724,955
Unrestricted	1,432,681	1,331,797	1,035,961	910,308	2,468,642	2,242,105
<i>Total Net Assets</i>	<u>\$9,552,669</u>	<u>\$9,237,160</u>	<u>\$11,273,553</u>	<u>\$10,949,586</u>	<u>\$20,826,222</u>	<u>\$20,186,746</u>

Total governmental activities assets increased \$315,509. Cash and cash equivalents increased \$155,521, which is the result of decreased operational costs. Capital assets increased \$369,329, due to the city-wide energy improvement project started and completed in 2010. Intergovernmental receivables decreased \$190,225, the result of the drawdown of Housing Investment Partnership and Community Housing Improvement Program monies.

Total governmental activities liabilities increased \$99,068. Current and other liabilities decreased \$43,465, attributable to decreases in accrued wages payable. Long-term liabilities increased \$142,533 due to the city-wide energy improvement project. This project involved the purchase of high efficiency HVAC systems, the retrofitting of street lights and traffic signals with lower energy bulbs, mechanical upgrades at the City Hall, Fire Department, Police Department, and Water Distribution facilities and should result in annual estimated savings of \$48,000 over current usage levels.

Total business-type activities assets decreased \$51,591. Cash and cash equivalents increased \$69,932 and business-type activities accounts receivables increased \$51,105. Payments in lieu of taxes receivables decreased \$81,100, the result of the near retirement of the debt associated with the enterprise zone agreement. These additional amounts are now being paid to the City in the form of property taxes. Intergovernmental receivable decreased \$75,374 due to the completion of State Appalachian Regional Commission and Community Improvement Corporation projects completing earlier in 2010.

City of Logan, Ohio
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For business-type activities, liabilities decreased \$375,558. This is attributable to reductions to long-term liabilities and accrued interest payable of \$208,979 and \$3,898, respectively, combined with a decrease in contracts payable of \$149,161. The reductions in long-term liabilities and accrued interest payable are due to continued debt service payments made by the City for water and sewer improvements made in previous years at a rate greater than new debt issued. Additionally, the decrease in contracts payable is directly attributable to the completion of State Route 93 North sewer extension construction projects.

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

(Table 2)
 Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues						
Charges for Services	\$320,760	\$339,523	\$2,691,811	\$2,516,900	\$3,012,571	\$2,856,423
Operating Grants, Contributions and Interest	580,851	1,221,056	0	0	580,851	1,221,056
Capital Grants and Contributions	456,468	409,875	65,560	526,836	522,028	936,711
<i>Total Program Revenues</i>	<u>1,358,079</u>	<u>1,970,454</u>	<u>2,757,371</u>	<u>3,043,736</u>	<u>4,115,450</u>	<u>5,014,190</u>
General Revenues						
Property Taxes	472,617	466,970	0	0	472,617	466,970
Income Taxes	2,699,364	2,512,833	0	0	2,699,364	2,512,833
Grants and Entitlements	409,432	378,289	0	0	409,432	378,289
Interest	20,762	23,427	0	0	20,762	23,427
Other	55,913	21,095	15,303	3,764	71,216	24,859
<i>Total General Revenues</i>	<u>3,658,088</u>	<u>3,402,614</u>	<u>15,303</u>	<u>3,764</u>	<u>3,673,391</u>	<u>3,406,378</u>
Total Revenues	<u>5,016,167</u>	<u>5,373,068</u>	<u>2,772,674</u>	<u>3,047,500</u>	<u>7,788,841</u>	<u>8,420,568</u>
Program Expenses						
General Government	916,475	909,099	0	0	916,475	909,099
Security of Persons and Property:						
Police	1,684,449	1,596,028	0	0	1,684,449	1,596,028
Fire	849,899	905,333	0	0	849,899	905,333
Transportation	723,373	650,021	0	0	723,373	650,021
Public Health Services	295,212	306,604	0	0	295,212	306,604
Leisure Time Activities	101,161	100,395	0	0	101,161	100,395
Community Environment	111,878	372,481	0	0	111,878	372,481
Basic Utility Services	2,226	2,959	0	0	2,226	2,959
Interest and Fiscal Charges	15,985	16,551	0	0	15,985	16,551
Water	0	0	1,351,226	1,368,155	1,351,226	1,368,155
Sewer	0	0	1,097,481	895,452	1,097,481	895,452
<i>Total Program Expenses</i>	<u>4,700,658</u>	<u>4,859,471</u>	<u>2,448,707</u>	<u>2,263,607</u>	<u>7,149,365</u>	<u>7,123,078</u>
<i>Increase in Net Assets</i>	<u>315,509</u>	<u>513,597</u>	<u>323,967</u>	<u>783,893</u>	<u>639,476</u>	<u>1,297,490</u>
<i>Net Assets at Beginning of Year</i>	<u>9,237,160</u>	<u>8,723,563</u>	<u>10,949,586</u>	<u>10,165,693</u>	<u>20,186,746</u>	<u>18,889,256</u>
<i>Net Assets at End of Year</i>	<u>\$9,552,669</u>	<u>\$9,237,160</u>	<u>\$11,273,553</u>	<u>\$10,949,586</u>	<u>\$20,826,222</u>	<u>\$20,186,746</u>

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Governmental Activities

Program revenues accounted for 27.1 percent of total revenues for governmental activities in 2010. The amount of program revenues decreased \$612,375, or 31.1 percent. This decrease is primarily related to the drawdown of Community Block Development Grant funding made available to the City for its down payment assistance and the homeowner rehabilitation assistance through the Deferred Housing Program. These were offset in part by a small increase in funding from state shared revenues, including gas tax and motor vehicle license tax. Governmental activities services are primarily funded through general revenues, those basically being property taxes, income taxes, and State shared revenues. These revenue sources make up 97.9 percent of general revenues and 71.4 percent of total revenues. The City's general revenues increased \$255,474, or 7.5 percent. This increase is attributable to greater property and income tax receipts.

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

Security of persons and property is a major activity of the City, generating 53.9 percent of the governmental expenses. During 2010, expenses for police and fire operations amounted to \$1,684,449 and \$849,899, respectively. These activities are, for the most part, funded by the municipal income tax and property taxes. The City attempts to supplement the income and activities of the police department to enable the department to widen the scope of its activity. The fire department and its employees continue to work hand in hand with the City to help reduce the costs to the taxpayer.

Transportation activities of the City accounted for 15.4 percent of governmental expenses.

General government, public health, parks and recreation, community environment, basic utility service activities and interest and fiscal charges account for the remaining 30.7 percent of governmental expenditures.

During the year, the City experienced changes in the following: a 7.0 percent increase in employee insurance costs, a 4.9 increase in personnel costs, and increases in utility and fuel costs.

Business-Type Activities

The City's business-type activities are composed of water and sewer operations and are funded almost entirely from charges for services. During 2010, program revenues exceed program expenses by \$308,664 for all business-type activities.

The City's water and sewer departments continued to operate with low rates. The minimum water and sewer rates are \$11.10 and \$11.06, respectively, for the first 2,000 gallons. Water and sewer rates for two surrounding communities are \$11.44 and \$11.40 for water and \$17.42 and \$9.66 for sewer.

THE CITY'S FUNDS

The City's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$5,160,337 and expenditures of \$5,176,420.

The fund balance of the General Fund increased \$55,445. The General Fund's balance of \$1,276,876 represented 35.7 percent of current year expenditures. Most of this balance remains in the City's treasury.

The fund balance of the Community Development Block Grant Special Revenue Fund increased \$88,765. The Community Development Block Grant Fund's fund balance of \$278,854 represented 287.8 percent of current year expenditures.

City of Logan, Ohio
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The fund balance of the Fire Levy Special Revenue Fund increased \$8,990. The Fire Levy Fund's fund balance of \$26,025 represented 9.8 percent of current year expenditures.

The fund balance of the Capital Improvements Capital Projects fund increased \$53,626. The Capital Improvement Fund's balance of \$342,949 represented more than 58.7 percent of current year expenditures.

During 2010, the Water Fund had operating revenues of \$1,363,944 and operating expenses of \$1,312,101. The Sewer Fund had operating revenues of \$1,343,170 and operating expenses of \$1,065,427. Water and sewer rates last increased 3 percent on July 1, 2010.

General Fund Budgeting Highlights

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

During the course of 2010, the City amended its General Fund budget several times, none were significant. All recommendations for a budget change came from the City Auditor to the Finance Committee of Council for review before going to the whole Council for Ordinance enactment on the change. The allocation of appropriations among the objects within a fund may be modified during the year by the City Auditor without an ordinance of Council. With the General Fund supporting many of our major activities such as our police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely by looking for possible revenue shortfalls or overspending by individual departments.

For the General Fund, final budgeted revenues were increased \$386,480 the original amount due to conservative budgeting practices. Final budgeted expenditures were increased \$387,174 over the original amount. The City of Logan's ending unencumbered cash balance in the General Fund was \$420,968 above the final budgeted amount. This is due to the City continuing to make every reasonable effort to hold costs down and maximize the returns the City receives for the monies that are spent.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

(Table 3)
 Capital Assets at December 31, 2010
 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$982,863	\$982,863	\$216,600	\$216,600	\$1,199,463	\$1,199,463
Construction in Progress	0	0	591,500	860,136	591,500	860,136
Land Improvements	2,258,071	2,272,318	3,954	5,539	2,262,025	2,277,857
Buildings and Improvements	981,888	977,259	0	0	981,888	977,259
Furniture, Fixtures, and Equipment	542,848	457,630	363,866	246,852	906,714	704,482
Vehicles	939,795	942,902	9,935	21,238	949,730	964,140
Infrastructure:						
City Streets	1,347,815	1,148,440	0	0	1,347,815	1,148,440
Street Signals	120,638	23,177	0	0	120,638	23,177
Water System	0	0	3,446,040	3,536,613	3,446,040	3,536,613
Sewer System	0	0	7,335,114	7,096,185	7,335,114	7,096,185
Totals	\$7,173,918	\$6,804,589	\$11,967,009	\$11,983,163	\$19,140,927	\$18,787,752

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

Debt

The City had five bond issues, as well as various loans, and two capital leases payable at December 31, 2010, totaling \$2,242,940, of which \$356,456 is due within one year. Of the City's outstanding bonds, one is for water system improvements, one for sewer extensions, two tax incremental financing bonds for water service extensions, and an energy conservation bond. In addition, the City has one outstanding Ohio Water Development Authority Loan for a new wastewater treatment facility; a Bio Solid Housing Loan for sewer sludge retention and treatment; and capital leases for the purchase of a fire truck and fire equipment.

(Table 4)
 Outstanding Debt at December 31, 2010

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Water Revenue Bonds	\$0	\$0	\$569,100	\$694,800	\$569,100	\$694,800
Water Tax Incremental Financing Bonds	0	0	28,452	177,248	28,452	177,248
OWDA Loans	0	0	425,500	402,329	425,500	402,329
Bio Solid Housing Loan	0	0	392,541	429,903	392,541	429,903
Sewer Revenue Bonds	0	0	194,840	239,605	194,840	239,605
Energy Conservation Bonds	237,575	0	118,984	0	356,559	0
Capital Leases	275,948	377,390	0	0	275,948	377,390
Totals	\$513,523	\$377,390	\$1,729,417	\$1,943,885	\$2,242,940	\$2,321,275

City of Logan, Ohio
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The water revenue bond, tax incremental financing bonds, and a portion of the energy conservation bond are being paid from charges for services and payments in lieu of taxes revenue in the Water Fund. The sewer revenue bond, the OWDA loan, and the Bio Solid Housing Loan are being paid from charges for services in the Sewer Fund. The General Fund portion of the energy conservation bonds will be paid from income tax receipts. The capital lease will be paid from property tax receipts in the Fire Levy Special Revenue Fund and from charges for services in the Fire Equipment Capital Projects Fund.

The City's overall legal debt margin was \$11,391,277 at December 31, 2010. For additional information on the City's debt, see Notes 13 and 17 to the basic financial statements.

CURRENT ISSUES

As the preceding information shows, the City depends heavily on its taxpayers and grants and entitlements. Stress on the City's finances is ongoing. However, infrastructure improvements and upgrades are continuing. Improvements include the construction of new wastewater treatment facility, which is scheduled to be completed in 2011. It is imperative that the City of Logan continues to tighten spending to better bring expenses in line with revenues, and carefully watch financial planning if the City hopes to remain on firm financial footing.

CONTACTING THE CITY AUDITOR'S DEPARTMENT

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

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City of Logan, Ohio
Statement of Net Assets
December 31, 2010

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,750,065	\$804,420	\$2,554,485
Investments in Segregated Accounts	65,034	0	65,034
Accrued Interest Receivable	527	0	527
Intergovernmental Receivable	665,813	187	666,000
Accounts Receivable	50,403	422,155	472,558
Income Taxes Receivable	678,345	0	678,345
Property Taxes Receivable	404,171	0	404,171
Payments in Lieu of Taxes Receivable	0	72,000	72,000
Loans Receivable	238,801	0	238,801
Nondepreciable Capital Assets	982,863	808,100	1,790,963
Depreciable Capital Assets, Net	6,191,055	11,158,909	17,349,964
<i>Total Assets</i>	<u>11,027,077</u>	<u>13,265,771</u>	<u>24,292,848</u>
Liabilities			
Accounts Payable	60,147	50,154	110,301
Contracts Payable	20,772	5,734	26,506
Accrued Wages Payable	38,644	14,221	52,865
Accrued Interest Payable	1,140	19,733	20,873
Intergovernmental Payable	165,685	36,718	202,403
Deferred Revenue	374,893	0	374,893
Long-Term Liabilities:			
Due within One Year	215,045	286,295	501,340
Due in More than One Year	598,082	1,579,363	2,177,445
<i>Total Liabilities</i>	<u>1,474,408</u>	<u>1,992,218</u>	<u>3,466,626</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	6,660,395	10,237,592	16,897,987
Restricted for:			
Perpetual Care:			
Non-Expendable	65,034	0	65,034
Police	35,515	0	35,515
Fire	84,011	0	84,011
Transportation	188,812	0	188,812
Recreation	23,549	0	23,549
Capital Projects	425,896	0	425,896
Other Purposes	636,776	0	636,776
Unrestricted	1,432,681	1,035,961	2,468,642
<i>Total Net Assets</i>	<u>\$9,552,669</u>	<u>\$11,273,553</u>	<u>\$20,826,222</u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
Statement of Activities
For the Year Ended December 31, 2010

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Governmental Activities				
General Government	\$916,475	\$37,343	\$0	\$373,840
Security of Persons and Property:				
Police	1,684,449	72,153	94,655	82,628
Fire	849,899	120,369	56,010	0
Transportation	723,373	0	350,854	0
Public Health Services	295,212	37,350	4,892	0
Leisure Time Activities	101,161	51,905	25,075	0
Community Environment	111,878	1,640	49,365	0
Basic Utility Services	2,226	0	0	0
Interest and Fiscal Charges	15,985	0	0	0
<i>Total Governmental Activities</i>	<u>4,700,658</u>	<u>320,760</u>	<u>580,851</u>	<u>456,468</u>
Business-Type Activities				
Water	1,351,226	1,354,891	0	65,560
Sewer	1,097,481	1,336,920	0	0
<i>Total Business-Type Activities</i>	<u>2,448,707</u>	<u>2,691,811</u>	<u>0</u>	<u>65,560</u>
Totals	<u>\$7,149,365</u>	<u>\$3,012,571</u>	<u>\$580,851</u>	<u>\$522,028</u>

General Revenues

Property Taxes Levied for:
 General Purposes
 Police
 Fire
Income Taxes Levied for:
 General Purposes
 Capital Improvements
Grants and Entitlements not Restricted to Specific Programs
Interest
Other

Total General Revenues

Change in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$505,292)	\$0	(\$505,292)
(1,435,013)	0	(1,435,013)
(673,520)	0	(673,520)
(372,519)	0	(372,519)
(252,970)	0	(252,970)
(24,181)	0	(24,181)
(60,873)	0	(60,873)
(2,226)	0	(2,226)
(15,985)	0	(15,985)
<u>(3,342,579)</u>	<u>0</u>	<u>(3,342,579)</u>
0	69,225	69,225
0	239,439	239,439
<u>0</u>	<u>308,664</u>	<u>308,664</u>
<u>(3,342,579)</u>	<u>308,664</u>	<u>(3,033,915)</u>
202,065	0	202,065
30,457	0	30,457
240,095	0	240,095
2,429,429	0	2,429,429
269,935	0	269,935
409,432	0	409,432
20,762	0	20,762
55,913	15,303	71,216
<u>3,658,088</u>	<u>15,303</u>	<u>3,673,391</u>
315,509	323,967	639,476
<u>9,237,160</u>	<u>10,949,586</u>	<u>20,186,746</u>
<u>\$9,552,669</u>	<u>\$11,273,553</u>	<u>\$20,826,222</u>

City of Logan, Ohio

Balance Sheet

Governmental Funds

December 31, 2010

	General	Community Development Block Grant	Fire Levy	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$1,075,202	\$60,402	\$26,025	\$314,719	\$273,717	\$1,750,065
Investments in Segregated Accounts	0	0	0	0	65,034	65,034
Receivables:						
Accrued Interest	436	0	0	0	91	527
Intergovernmental Accounts	203,045 46,393	290,500 0	13,466 0	75 0	158,727 4,010	665,813 50,403
Income Taxes	610,511	0	0	67,834	0	678,345
Property Taxes	167,671	0	181,569	0	54,931	404,171
Loans	0	220,774	0	0	18,027	238,801
Total Assets	\$2,103,258	\$571,676	\$221,060	\$382,628	\$574,537	\$3,853,159
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$51,542	\$0	\$0	\$4,601	\$4,004	\$60,147
Contracts Payable	11,450	2,322	0	7,000	0	20,772
Accrued Wages Payable	32,942	0	0	0	5,702	38,644
Intergovernmental Payable	154,771	0	0	0	10,914	165,685
Deferred Revenue	575,677	290,500	195,035	28,078	186,503	1,275,793
Total Liabilities	826,382	292,822	195,035	39,679	207,123	1,561,041
Fund Balances						
Reserved for Encumbrances	71,137	0	0	2	748	71,887
Reserved for Endowments	0	0	0	0	65,034	65,034
Reserved for Loans	0	198,992	0	0	14,360	213,352
Unreserved, Undesignated, Reported in:						
General Fund	1,205,739	0	0	0	0	1,205,739
Special Revenue Funds	0	79,862	26,025	0	232,888	338,775
Capital Projects Funds	0	0	0	342,947	54,384	397,331
Total Fund Balances	1,276,876	278,854	26,025	342,949	367,414	2,292,118
Total Liabilities and Fund Balances	\$2,103,258	\$571,676	\$221,060	\$382,628	\$574,537	\$3,853,159

See accompanying notes to the basic financial statements

City of Logan, Ohio
*Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
December 31, 2010*

Total Governmental Fund Balances		\$2,292,118
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,173,918
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:		
Property Taxes	27,149	
Income Taxes	280,034	
Intergovernmental Revenues	584,929	
Charges for Services	613	
Other Revenues	8,175	900,900
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Leases Payable	(275,948)	
Energy Conservation Bonds Payable	(237,575)	
Accrued Interest Payable	(1,140)	
Compensated Absences Payable	(299,604)	(814,267)
 <i>Net Assets of Governmental Activities</i>		 <u><u>\$9,552,669</u></u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General	Community Development Block Grant	Fire Levy	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$217,285	\$0	\$226,862	\$0	\$66,001	\$510,148
Income Taxes	2,375,880	0	0	263,987	0	2,639,867
Intergovernmental	525,760	185,655	48,728	373,719	445,844	1,579,706
Charges for Services	150,401	0	0	0	111,652	262,053
Fines, Licenses, and Permits	57,208	0	0	0	886	58,094
Interest	20,762	0	0	54	4,892	25,708
Donations	1,153	0	0	0	25,095	26,248
Other	51,490	0	0	0	7,023	58,513
Total Revenues	3,399,939	185,655	275,590	637,760	661,393	5,160,337
Expenditures						
Current:						
General Government	592,965	0	0	241,751	0	834,716
Security of Persons and Property:						
Police	1,582,157	0	0	0	56,309	1,638,466
Fire	542,165	0	176,600	0	35,171	753,936
Transportation	277,007	0	0	0	353,066	630,073
Public Health Services	295,721	0	0	0	134	295,855
Leisure Time Activities	0	0	0	0	75,166	75,166
Community Environment	11,321	96,890	0	0	3,667	111,878
Basic Utility Services	2,226	0	0	0	0	2,226
Capital Outlay	253,091	0	0	342,383	109,812	705,286
Debt Service:						
Principal Retirement	10,001	0	78,041	0	23,401	111,443
Interest and Fiscal Charges	5,416	0	11,959	0	0	17,375
Total Expenditures	3,572,070	96,890	266,600	584,134	656,726	5,176,420
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(172,131)</i>	<i>88,765</i>	<i>8,990</i>	<i>53,626</i>	<i>4,667</i>	<i>(16,083)</i>
Other Financing Sources (Uses)						
Transfers In	0	0	0	0	20,000	20,000
Bond Proceeds	247,576	0	0	0	0	247,576
Transfers Out	(20,000)	0	0	0	0	(20,000)
Total Other Financing Sources (Uses)	227,576	0	0	0	20,000	247,576
Net Change in Fund Balance	55,445	88,765	8,990	53,626	24,667	231,493
Fund Balances at Beginning of Year	1,221,431	190,089	17,035	289,323	342,747	2,060,625
Fund Balances at End of Year	\$1,276,876	\$278,854	\$26,025	\$342,949	\$367,414	\$2,292,118

See accompanying notes to the basic financial statements

City of Logan, Ohio
*Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2010*

Net Change in Fund Balances - Total Governmental Funds \$231,493

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

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

Capital Assets Additions	746,321	
Depreciation Expense	<u>(376,992)</u>	369,329

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

Property Taxes	(37,531)	
Income Taxes	59,497	
State Shared Revenues	26,707	
Grants	(181,000)	
Estate Taxes	(9,856)	
Other Revenue	<u>(1,987)</u>	(144,170)

Repayments of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 111,443

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, interest is expended when due. 1,390

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

Bond Proceeds		(247,576)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated Absences		<u>(6,400)</u>
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Change in Net Assets of Governmental Activities \$315,509

See accompanying notes to the basic financial statements

City of Logan, Ohio
*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$190,020	\$205,862	\$216,171	\$10,309
Income Taxes	1,897,381	2,180,000	2,373,481	193,481
Intergovernmental	385,123	442,488	553,459	110,971
Charges for Services	108,795	125,000	150,373	25,373
Fines, Licenses, and Permits	60,446	69,450	56,502	(12,948)
Interest	21,759	25,000	23,544	(1,456)
Donations	5,222	6,000	1,153	(4,847)
Other	9,574	11,000	13,543	2,543
<i>Total Revenues</i>	2,678,320	3,064,800	3,388,226	323,426
Expenditures				
Current:				
General Government	796,619	886,611	889,419	(2,808)
Security of Persons and Property:				
Police	1,548,540	1,723,475	1,667,581	55,894
Fire	533,460	593,724	567,958	25,766
Transportation	249,789	278,007	270,257	7,750
Public Health Services	286,158	318,485	307,734	10,751
Community Environment	10,702	11,911	11,261	650
Basic Utilities	2,032	2,261	2,226	35
<i>Total Expenditures</i>	3,427,300	3,814,474	3,716,436	98,038
<i>Excess of Revenues Under Expenditures</i>	(748,980)	(749,674)	(328,210)	421,464
Other Financing Sources (Uses)				
Bond Proceeds	215,480	247,576	247,576	0
Transfers Out	(17,524)	(19,504)	(20,000)	(496)
<i>Total Other Financing Sources (Uses)</i>	197,956	228,072	227,576	(496)
<i>Net Change in Fund Balance</i>	(551,024)	(521,602)	(100,634)	420,968
<i>Fund Balance at Beginning of Year</i>	947,404	947,404	947,404	0
Prior Year Encumbrances Appropriated	119,414	119,414	119,414	0
<i>Fund Balance at End of Year</i>	\$515,794	\$545,216	\$966,184	\$420,968

See accompanying notes to the basic financial statements

City of Logan, Ohio
*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Community Development Block Grant Fund
For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$185,655</u>	<u>(\$14,345)</u>
Expenditures				
Current:				
Community Environment	<u>200,000</u>	<u>205,317</u>	<u>130,571</u>	<u>74,746</u>
<i>Net Change in Fund Balance</i>	0	(5,317)	55,084	60,401
<i>Fund Balance at Beginning of Year</i>	<u>5,318</u>	<u>5,318</u>	<u>5,318</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$5,318</u>	<u>\$1</u>	<u>\$60,402</u>	<u>\$60,401</u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Fire Levy Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$209,835	\$209,835	\$226,862	\$17,027
Intergovernmental	45,165	45,165	48,728	3,563
<i>Total Revenues</i>	<u>255,000</u>	<u>255,000</u>	<u>275,590</u>	<u>20,590</u>
Expenditures				
Current:				
Security of Persons and Property:				
Fire	176,600	176,600	176,600	0
Debt Service				
Principal Retirement	78,041	78,041	78,041	0
Interest and Fiscal Charges	11,959	11,959	11,959	0
<i>Total Expenditures</i>	<u>266,600</u>	<u>266,600</u>	<u>266,600</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(11,600)	(11,600)	8,990	20,590
<i>Fund Balance at Beginning of Year</i>	<u>17,035</u>	<u>17,035</u>	<u>17,035</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$5,435</u></u>	<u><u>\$5,435</u></u>	<u><u>\$26,025</u></u>	<u><u>\$20,590</u></u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
Statement of Fund Net Assets
Enterprise Funds
December 31, 2010

	Water	Sewer	Total Enterprise Funds
Assets			
Current :			
Equity in Pooled Cash and Cash Equivalents	\$302,818	\$501,602	\$804,420
Intergovernmental Receivable	0	187	187
Accounts Receivable	211,462	210,693	422,155
Payments in Lieu of Taxes Receivable	72,000	0	72,000
<i>Total Current Assets</i>	<u>586,280</u>	<u>712,482</u>	<u>1,298,762</u>
Noncurrent:			
Nondepreciable Capital Assets	84,000	724,100	808,100
Depreciable Capital Assets, Net	3,655,817	7,503,092	11,158,909
<i>Total Noncurrent Assets</i>	<u>3,739,817</u>	<u>8,227,192</u>	<u>11,967,009</u>
<i>Total Assets</i>	<u>4,326,097</u>	<u>8,939,674</u>	<u>13,265,771</u>
Liabilities			
Current:			
Accounts Payable	36,423	13,731	50,154
Contracts Payable	5,734	0	5,734
Accrued Wages Payable	7,965	6,256	14,221
Accrued Interest Payable	15,941	3,792	19,733
Intergovernmental Payable	21,825	14,893	36,718
Tax Increment Financing Bonds Payable	28,452	0	28,452
Revenue Bonds Payable	132,000	30,000	162,000
OWDA Loans Payable	0	12,000	12,000
Loans Payable	10,348	29,731	40,079
Compensated Absences Payable	22,019	21,745	43,764
<i>Total Current Liabilities</i>	<u>280,707</u>	<u>132,148</u>	<u>412,855</u>
Long-Term:			
Revenue Bonds Payable	437,100	164,840	601,940
OWDA Loans Payable	0	413,500	413,500
General Obligation Bonds Payable	108,636	362,810	471,446
Compensated Absences Payable	36,119	56,358	92,477
<i>Total Long-Term Liabilities</i>	<u>581,855</u>	<u>997,508</u>	<u>1,579,363</u>
<i>Total Liabilities</i>	<u>862,562</u>	<u>1,129,656</u>	<u>1,992,218</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	3,023,281	7,214,311	10,237,592
Unrestricted	440,254	595,707	1,035,961
<i>Total Net Assets</i>	<u>\$3,463,535</u>	<u>\$7,810,018</u>	<u>\$11,273,553</u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
*Statement of Revenues, Expenses,
and Changes in Fund Net Assets*
Enterprise Funds
For the Year December 31, 2010

	Water	Sewer	Total Enterprise Funds
Operating Revenues			
Charges for Services	\$1,354,891	\$1,336,920	\$2,691,811
Other Operating Revenues	9,053	6,250	15,303
<i>Total Operating Revenues</i>	<u>1,363,944</u>	<u>1,343,170</u>	<u>2,707,114</u>
Operating Expenses			
Salaries and Wages	496,269	364,891	861,160
Fringe Benefits	248,022	179,252	427,274
Contractual Services	199,322	213,278	412,600
Materials and Supplies	225,513	70,488	296,001
Depreciation	142,866	237,518	380,384
Other Operating Expenses	109	0	109
<i>Total Operating Expenses</i>	<u>1,312,101</u>	<u>1,065,427</u>	<u>2,377,528</u>
<i>Operating Income</i>	51,843	277,743	329,586
Non-Operating Expenses			
Interest and Fiscal Charges	<u>(39,125)</u>	<u>(32,054)</u>	<u>(71,179)</u>
<i>Income Before Contributions</i>	12,718	245,689	258,407
Capital Contributions	<u>65,560</u>	<u>0</u>	<u>65,560</u>
<i>Change in Net Assets</i>	78,278	245,689	323,967
<i>Net Assets at Beginning of Year</i>	<u>3,385,257</u>	<u>7,564,329</u>	<u>10,949,586</u>
<i>Net Assets at End of Year</i>	<u><u>\$3,463,535</u></u>	<u><u>\$7,810,018</u></u>	<u><u>\$11,273,553</u></u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2010

	Water	Sewer	Total Enterprise Funds
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	\$1,337,263	\$1,316,208	\$2,653,471
Cash Payments for Employee Services and Benefits	(762,625)	(538,711)	(1,301,336)
Cash Payments to Suppliers for Goods and Services	(417,079)	(282,501)	(699,580)
Other Operating Revenues	1,080	1,958	3,038
Other Operating Expenses	(109)	0	(109)
<i>Net Cash Provided by Operating Activities</i>	<u>158,530</u>	<u>496,954</u>	<u>655,484</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(178,249)	(339,292)	(517,541)
Proceeds of Bonds	123,992	0	123,992
Proceeds of Loans	0	46,171	46,171
Principal Paid on Debt	(279,504)	(105,127)	(384,631)
Interest Paid on Debt	(42,521)	(32,556)	(75,077)
Capital Contributions	146,660	74,874	221,534
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(229,622)</u>	<u>(355,930)</u>	<u>(585,552)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(71,092)	141,024	69,932
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>373,910</u>	<u>360,578</u>	<u>734,488</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$302,818</u></u>	<u><u>\$501,602</u></u>	<u><u>\$804,420</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
<i>Operating Income</i>	\$51,843	\$277,743	\$329,586
<i>Adjustments:</i>			
Depreciation	142,866	237,518	380,384
(Increase) Decrease in Assets:			
Accounts Receivable	(26,101)	(25,004)	(51,105)
Intergovernmental Receivable	500	0	500
Increase (Decrease) in Liabilities:			
Accounts Payable	7,936	4,786	12,722
Accrued Wages Payable	(17,915)	(12,549)	(30,464)
Compensated Absences Payable	(7,103)	12,592	5,489
Intergovernmental Payable	6,504	1,868	8,372
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$158,530</u></u>	<u><u>\$496,954</u></u>	<u><u>\$655,484</u></u>

See accompanying notes to the basic financial statements

Non-cash Transactions:

At December 31, 2010 and December 31, 2009, the Water fund purchased \$5,734 and \$4,150, respectively, in capital assets on account.

At December 31, 2009, the Sewer Fund purchased \$154,895 in capital assets on account.

City of Logan, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2010

Assets

Cash and Cash Equivalents in Segregated Accounts	<u><u>\$2,032</u></u>
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Liabilities

Due to Others	<u><u>\$2,032</u></u>
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See accompanying notes to the basic financial statements

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 1 – Description of City and Reporting Entity

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

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

Reporting Entity

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

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

The City participates in four jointly governed organizations. These organizations are presented in Note 15 to the Basic Financial Statements. The organizations are:

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

Note 2 – Summary of Significant Accounting Policies

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

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

Community Development Block Grant Fund The Community Development Block Grant Fund is used to account for grant proceeds and expenditures related to the Home Investment Partnership and the Community Housing Improvement Programs.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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

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

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

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

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

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

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

C. Measurement Focus

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

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

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

D. Basis of Accounting

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2010, but which were levied to finance year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements were met have also been recorded as deferred revenue.

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

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

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

E. Budgetary Process

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

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

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

F. Cash and Cash Equivalents

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

During 2010, investments were limited to STAR Ohio and certificates of deposit. Certificates of deposit are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2010.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest is credited to the General Fund, the Capital Improvements Capital Projects Fund, and the Cemetery Special Revenue Fund. Interest revenue credited to the General Fund during 2010 amounted to \$20,762, which includes \$12,212 assigned from other City funds.

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

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

G. Capital Assets

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

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

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

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

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

H. Compensated Absences

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

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

I. Contributions of Capital

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

J. Fund Balance Reserves

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

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

K. Interfund Activity

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

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

L. Accrued Liabilities and Long-Term Liabilities

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

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

M. Estimates

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

N. Net Assets

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

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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

O. Operating Revenues and Expenses

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

P. Extraordinary and Special Items

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

Note 3 – Changes in Accounting Principles

For 2010, the City has implemented Governmental Accounting and Standards Board (GASB) Statements No. 51, "Accounting and Financial Reporting for Intangible Assets". GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies and thereby enhancing comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any change to the City's financial statements.

Note 4 – Budgetary Basis of Accounting

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

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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

Net Change in Fund Balance			
	General	Community Development Block Grant	Fire Levy
GAAP Basis	\$55,445	\$88,765	\$8,990
Revenue Accruals	(11,713)	0	0
Expenditure Accruals	(35,348)	(33,681)	0
Encumbrances	(109,018)	0	0
Budget Basis	(\$100,634)	\$55,084	\$8,990

Note 5 – Deposits and Investments

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and,
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time.

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

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

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

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

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the carrying amount of the City's deposits was \$1,848,650 and the bank balance was \$1,857,951. Of the bank balance, \$627,468 was covered by Federal depository insurance and \$1,230,483 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

Investments As of December 31, 2010, the City's investment in STAR Ohio had an average maturity of fifty-eight days and a fair value of \$772,901. The City has no investment policy beyond State statute that requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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

Note 6 – Receivables

Receivables at December 31, 2010, consisted primarily of municipal income taxes, property taxes, payments in lieu of taxes, accounts (billings for user fees including unbilled utility services), loans, intergovernmental receivables arising from entitlements and shared revenues, and accrued interest on investments. Loans receivable of \$18,027 and \$220,774 are reported in the Economic Development and Community Development Block Grant Special Revenue Funds, respectively, and represent low interest loans for development projects granted to eligible businesses and homeowners under the Federal Economic Development Assistance and the Community Development Block Grant Programs. The amount not scheduled for collection during the subsequent year is \$213,352. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2010 for real and public utility property taxes represent collections of 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) are for 2010 taxes.

2010 real property taxes are levied after October 1, 2010, on assessed value as of January 1, 2010, the lien date. Assessed values are established by State law at thirty-five percent of the appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

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

Tangible personal property tax revenue received during 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures, as of 2010, is no longer levied and collected. 2010 is the last year for the collection of tangible personal property taxes from telephone companies; however the City received no tangible personal property tax revenue from the telephone company property.

The full tax rate for all City operations for the year ended December 31, 2010, was \$4.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real Property	\$107,108,020
Public Utility Real Property	18,240
Public Utility Tangible Personal Property	3,581,000
Tangible Personal Property	<u>43,710</u>
Total Assessed Value	<u><u>\$110,750,970</u></u>

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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

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

The Hocking County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Logan. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2010, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since current taxes were not levied to finance 2010 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, delinquent collectible property taxes have been recorded as revenue, while the remainder of the receivable has been deferred.

B. Income Taxes

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

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

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

C. Payments in Lieu of Taxes

As provided by State law, Hocking County entered into two Tax Increment Financing Agreements in 2002 with Wal-Mart Stores, Inc. and Holiday Inn for the purpose of constructing several retail and commercial centers. To encourage these improvements, the companies were granted an exemption from paying any property taxes on the new construction; however, the property owners are required to make payment in lieu of taxes. The City has agreed to these projects and payments in lieu of taxes are made to the City in an amount equal to the real property taxes that otherwise would have been due in that current year. These payments are being used to finance public improvements and will continue over ten years. There is no provision within the agreement which would allow the property owner to reduce payments to the City due to the changing personal property tax system. A receivable has been recorded in the amount of \$72,000 which represents amounts measurable at December 31, 2010.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

D. Intergovernmental Receivable

A summary of intergovernmental receivables follows:

Governmental Activities:	
Local Government	\$148,795
Estate Tax	1,917
Kilowatt Per Hour	1,666
Homestead and Rollback	29,143
Gasoline Tax	123,431
Motor Vehicle License Tax	28,496
Permissive Tax	2,410
State Electric Light	751
School Resource Officer Grant	23,752
Community Development Black Grants	290,500
Miscellaneous	<u>14,952</u>
Total Governmental Activities	<u>665,813</u>
Business-Type Activities:	
Miscellaneous	<u>187</u>
Total Business-Type Activities	<u>187</u>
Total Intergovernmental Receivables	<u><u>\$666,000</u></u>

Note 7 – Contractual Commitments

As of December 31, 2010, the City had the following contractual commitments for the construction of its new wastewater treatment plant:

Vendor	Fund	Contract Amount	Amount Expended	Balance at 12/31/2010
URS Corporation	Sewer	\$1,017,700	\$576,200	\$441,500
Miscellaneous	Sewer	<u>26,518</u>	<u>15,300</u>	<u>11,218</u>
Totals		<u><u>\$1,044,218</u></u>	<u><u>\$591,500</u></u>	<u><u>\$452,718</u></u>

Note 8 – Risk Management

A. Property and Liability

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

City of Logan, Ohio
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For the Year Ended December 31, 2010

Property and Liability	Deductible	Limits of Coverage
Buildings and Contents	\$500	\$23,006,403
Boiler and Machinery	1,000	4,000,000
Employee Dishonesty	0	50,000
Crime Insurance	0	10,000
Employee Benefits Liability	1,000	1,000,000
Employer's Liability Stop-Gap	0	1,000,000
Law Enforcement Liability	5,000	1,000,000
Public Officials Liability	5,000	1,000,000
Umbrella Coverage	0	1,000,000
Vehicles:		
Automobile Liability	500	1,000,000
Uninsured Motorist	0	1,000,000
General Liability Per Occurrence	0	1,000,000
General Liability Aggregate Limit	0	2,000,000

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

Note 9 – Capital Assets

Capital asset activity for the year ended December 31, 2010, was as follows:

	Balance at 12/31/09	Additions	Deductions	Balance at 12/31/10
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$982,863	\$0	\$0	\$982,863
Depreciable Capital Assets:				
Land Improvements	4,116,906	61,347	0	4,178,253
Buildings and Improvements	1,753,090	41,621	0	1,794,711
Furniture, Fixtures, and Equipment	1,880,247	169,669	0	2,049,916
Vehicles	2,065,724	103,150	0	2,168,874
City Streets	6,993,448	269,734	0	7,263,182
Street Signals	794,238	100,800	0	895,038
Total Depreciable Capital Assets	17,603,653	746,321	0	18,349,974
Less Accumulated Depreciation:				
Land Improvements	(1,844,588)	(75,594)	0	(1,920,182)
Buildings and Improvements	(775,831)	(36,992)	0	(812,823)
Furniture, Fixtures, and Equipment	(1,422,617)	(84,451)	0	(1,507,068)
Vehicles	(1,122,822)	(106,257)	0	(1,229,079)
City Streets	(5,845,008)	(70,359)	0	(5,915,367)
Street Signals	(771,061)	(3,339)	0	(774,400)
Total Accumulated Depreciation	(11,781,927)	(376,992) *	0	(12,158,919)
Total Capital Assets being Depreciated, Net	5,821,726	369,329	0	6,191,055
Governmental Activities Capital Assets, Net	\$6,804,589	\$369,329	\$0	\$7,173,918

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

*Depreciation expense was charged to governmental programs as follows:

General Government	\$62,166
Security of Persons and Property:	
Police	59,371
Fire	99,398
Transportation	116,632
Public Health Services	13,430
Leisure Time Activities	<u>25,995</u>
Total Depreciation Expense	<u><u>\$376,992</u></u>

	Balance at 12/31/09	Additions	Deductions	Balance at 12/31/10
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	\$216,600	\$0	\$0	\$216,600
Construction in Progress	<u>860,136</u>	<u>174,203</u>	<u>442,839</u>	<u>591,500</u>
Total Capital Assets not being Depreciated	<u>1,076,736</u>	<u>174,203</u>	<u>442,839</u>	<u>808,100</u>
Depreciable Capital Assets:				
Land Improvements	61,168	0	0	61,168
Furniture, Fixtures, and Equipment	854,075	161,499	0	1,015,574
Vehicles	214,312	0	0	214,312
Infrastructure	<u>17,045,606</u>	<u>471,367</u>	<u>0</u>	<u>17,516,973</u>
Total Capital Assets being Depreciated	<u>18,175,161</u>	<u>632,866</u>	<u>0</u>	<u>18,808,027</u>
Less Accumulated Depreciation:				
Land Improvements	(55,629)	(1,585)	0	(57,214)
Furniture, Fixtures, and Equipment	(607,223)	(44,485)	0	(651,708)
Vehicles	(193,074)	(11,303)	0	(204,377)
Infrastructure	<u>(6,412,808)</u>	<u>(323,011)</u>	<u>0</u>	<u>(6,735,819)</u>
Total Accumulated Depreciation	<u>(7,268,734)</u>	<u>(380,384)</u>	<u>0</u>	<u>(7,649,118)</u>
Total Capital Assets being Depreciated, Net	<u>10,906,427</u>	<u>252,482</u>	<u>0</u>	<u>11,158,909</u>
Business-Type Activities Capital Assets, Net	<u><u>\$11,983,163</u></u>	<u><u>\$426,685</u></u>	<u><u>\$442,839</u></u>	<u><u>\$11,967,009</u></u>

Note 10 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2010, members in state and local classifications contributed 10.0 percent of covered payroll. For 2010, member and employer contribution rates were consistent across all three plans.

The City's 2010 contribution rate was 14.0 percent. The portion of employers contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to members allocated to health care for members in the traditional plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the combined plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008, were \$163,228, \$157,640, and \$134,367, respectively. For 2010, 90.44 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008. There were no member-directed plan contributions for 2010 for the City of Logan.

B. Ohio Police and Fire Pension Fund

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

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

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions used to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters were \$86,653 and \$71,603 for the year ended December 31, 2010, \$88,206 and \$81,318 for the year ended December 31, 2009, and \$81,273 and \$78,399 for the year ended December 31, 2008. For 2010, 69.91 percent for police and 68.72 percent for firefighters has been contributed with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 11 – Postemployment Benefits

A. Ohio Public Employees Retirement System

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local government employers contributed 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The portion of employer contributions allocated to health care for members in the traditional plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the combined plan was 4.73 percent from January 1 through February 28, 2010 and 4.23 percent from March 1 through December 31, 2010.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008, were \$82,974, \$92,614, and \$93,125, respectively. For 2010, 90.44 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

B. Ohio Police and Fire Pension Fund

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

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2010, the employer contribution allocated to the healthcare plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$45,875 and \$28,019 for the year ended December 31, 2010, \$46,697 and \$31,820 for the year ended December 31, 2009, and \$43,027 and \$30,654 for the year ended December 31, 2008. For 2010, 69.91 percent has been contributed for police and 68.72 percent has been contributed for firefighters with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

City of Logan, Ohio
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For the Year Ended December 31, 2010

Note 12 – Employee Benefits

A. Insurance

In 2010, the City contracted with Medical Mutual to provide all employees with \$25,000 each in life and accidental death and dismemberment insurance.

The City provides comprehensive major medical insurance through Medical Mutual. Monthly premiums are \$569.95 for single coverage and \$1,523.72 for family coverage. The City pays \$1,246.85 of the premiums for family plans and the City's employees pay the remaining balances. The City pays \$466.38 of the premiums for employees participating in the single plan with the remainder being paid by the employee.

B. Compensated Absences

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

Note 13 – Capital Leases – Lessee Disclosure

In previous years, the City had entered into a capitalized lease agreements for a fire truck and fire rescue equipment. The leases meet the criteria of a capital lease as defined by the Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the fund financial statements. Principal payments made in 2010 totaled \$101,442 in the governmental funds. The capital leases payable have been recorded on the government-wide statements. The agreement provides for minimum annual lease payments as follows:

Fiscal Year	Amount
2011	\$101,318
2012	101,318
2013	43,735
2014	8,401
2015	8,401
2016-2018	25,204
Total Minimum Lease Payments	288,377
Less: Amount Representing Interest	(12,429)
Present Value of Net Minimum Lease Payments	\$275,948

The equipment has been capitalized in the amount of \$845,261, the present value of the minimum lease payments at the inception of the lease. The accumulated depreciation as of December 31, 2010, was \$229,923, leaving a remaining book value of \$615,338.

Note 14 – Transfers

The General Fund made transfers to the Section 18 and Recreation Special Revenue Funds in the amount of \$10,000 in each fund. The transfers were used to move unrestricted revenue collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 15 – Jointly Governed Organizations

A. Hocking Metropolitan Housing Authority

The Hocking Metropolitan Housing Authority (the “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 (the “Council”) 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 (the “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 2010, the City did not contribute any money to the Commission. Continued existence is not dependent on the City's continued participation, no equity interest exists, and no debt is outstanding.

D. Buckeye Hills-Hocking Valley Regional Development District

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

The District administers County Community Development Block Grant and Issue II monies. The continued existence of the District is not dependent on the City's continued participation and no equity interest exists. In 2010, the City contributed \$765 to the District.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 16 – Contingent Liabilities

A. Grants

The City received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2010.

B. Litigation

The City is currently not party to any litigation.

Note 17 – Long-Term Obligations

A schedule of changes in long-term obligations of the City during 2010 follows:

	Principal Outstanding 12/31/09	Additions	Deductions	Principal Outstanding 12/31/10	Amounts Due in One Year
Governmental Activities:					
2010 Energy Conservation General Obligation Bonds - 4.375%	\$0	\$247,576	\$10,001	\$237,575	\$20,662
Capital Leases	377,390	0	101,442	275,948	93,263
Compensated Absences	293,204	25,348	18,948	299,604	101,120
Total Governmental Activities	\$670,594	\$272,924	\$130,391	\$813,127	\$215,045
Business-Type Activities:					
2003 Wal-Mart Tax Increment Financing Bonds - 4.50%	\$104,220	\$0	\$104,220	\$0	\$0
2004 Holiday Inn Tax Increment Financing Bonds - 4.80%	73,028	0	44,576	28,452	28,452
Total Tax Increment Financing Bonds	177,248	0	148,796	28,452	28,452
2010 Energy Conservation General Obligation Bonds - 4.375%	0	123,992	5,008	118,984	10,348
1994 Revenue Bonds: Water System - 5.00%	694,800	0	125,700	569,100	132,000
2007 Revenue Bonds: Sewer System - 4.52%	239,605	0	44,765	194,840	30,000
2006 Bio Solids Housing Loan - 5.15%	429,903	0	37,362	392,541	29,731
2008 OWDA Sewer Improvements Planning Loan - 4.95%	402,329	46,171	23,000	425,500	12,000
Compensated Absences	130,752	18,290	12,801	136,241	43,764
Total Business-Type Activities	\$2,074,637	\$188,453	\$397,432	\$1,865,658	\$286,295

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

In June 2010, the City issued Energy Conservation General Obligation Bonds in the amount of \$371,568 at an interest rate of 4.375%. Principal and interest payments are due June and December 4 of each year through 2020. These bonds were issued for the purpose of energy conservation measures which included the purchase of high efficiency HVAC systems, the retrofitting of street lights and traffic signals with lower energy bulbs, and mechanical upgrades at the City Hall, Fire Department, Police Department, and Water Distribution facilities. The bonds will be retired from the General Fund and the Water Enterprise Fund.

Principal and interest requirements to retire the General Fund's portion of the energy conservation general obligation bonds outstanding at December 31, 2010, are as follows:

Year Ended December 31,	Principal	Interest	Total
2011	\$20,662	\$10,170	\$30,832
2012	21,576	9,257	30,833
2013	22,530	8,302	30,832
2014	23,527	7,306	30,833
2015	24,567	6,265	30,832
2016-2020	124,713	14,034	138,747
	<u>\$237,575</u>	<u>\$55,334</u>	<u>\$292,909</u>

Principal and interest requirements to retire the Water Enterprise Fund's portion of the energy conservation general obligation bonds outstanding at December 31, 2010, are as follows:

Year Ended December 31,	Principal	Interest	Total
2011	\$10,348	\$5,094	\$15,442
2012	10,806	4,363	15,169
2013	11,284	4,158	15,442
2014	11,783	3,659	15,442
2015	12,304	3,138	15,442
2016-2020	62,459	7,028	69,487
	<u>\$118,984</u>	<u>\$27,440</u>	<u>\$146,424</u>

In June 2003 and 2004, the City issued Tax Incremental Financing Bonds in the amount of \$1,500,000 at an interest rate of 4.50% and 4.80%. Principal and interest payments are due June and December 15 of each year through 2011. These bonds were issued for the purpose of improving and extending existing water service lines. The bonds will be repaid by revenue in lieu of property tax through the Water Enterprise Fund.

Principal and interest requirements to retire the Water Enterprise Fund's tax increment financing bonds liabilities at December 31, 2010, are as follows:

Year Ended December 31,	Principal	Interest	Total
2011	\$28,452	\$885	\$29,337

In June 1994, the City issued Water Revenue Bonds in the amount of \$2,000,000 at an interest rate of 5.00%. Principal and interest payments are due June 15 of each year through 2014. These bonds issued through the Farmer's Home administration were for the purpose of improving the City's water system. The bonds will be repaid from revenues derived from the operations of the City's water system.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Principal and interest requirements to retire the Water Enterprise Fund's revenue bonds outstanding at December 31, 2010, are as follows:

Year Ended December 31,	Principal	Interest	Total
2011	\$132,000	\$28,455	\$160,455
2012	138,700	21,855	160,555
2013	145,600	14,920	160,520
2014	152,800	7,640	160,440
	<u>\$569,100</u>	<u>\$72,870</u>	<u>\$641,970</u>

In October 2007, the City issued Sewer Revenue Bonds in the amount of \$300,000 at an interest rate of 4.52%. Principal and interest payments are due March and September 1 of each year through 2017. These bonds were issued for the purpose of extending the sewer system to the City's new high school facility. The bonds will be repaid from revenues derived from the operations of the City's sewer system.

Principal and interest requirements to retire the Sewer Enterprise Fund's revenue bonds outstanding at December 31, 2010, are as follows:

Year Ended December 31,	Principal	Interest	Total
2011	\$30,000	\$9,153	\$39,153
2012	30,000	7,797	37,797
2013	30,000	6,441	36,441
2014	30,000	5,085	35,085
2015	30,000	3,729	33,729
2016-2017	44,840	3,390	48,230
	<u>\$194,840</u>	<u>\$35,595</u>	<u>\$230,435</u>

In December 2006, the City obtained the Bio-Solids Housing Loan in the amount of \$525,000 at an interest rate of 5.15%. Principal and interest payments are due June and December 20 of each year through 2021. This loan was entered into for the purpose of construction the City's new sludge retention and processing facility. The loan will be retired from Sewer Enterprise Fund revenue.

Principal and interest requirements to retire the City's bio-solids housing loan outstanding at December 31, 2010, are as follows:

Year Ended December 31,	Principal	Interest	Total
2011	\$29,731	\$19,838	\$49,569
2012	31,282	18,287	49,569
2013	32,914	16,655	49,569
2014	34,631	14,938	49,569
2015	36,437	13,132	49,569
2016-2020	212,758	35,088	247,846
2021	14,788	381	15,169
	<u>\$392,541</u>	<u>\$118,319</u>	<u>\$510,860</u>

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

The 2008 OWDA Sewer Improvements Planning Loan, authorized in the amount of \$460,000, is being used to finance sewer line extension and improvements. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and will repay the debt. The loan has not been fully drawn down and no amortization schedule has been established.

The City has pledged future water customer revenues to repay \$1,500,000 in water tax increment financing bonds issued in 2003 and 2004, and to repay the \$2,000,000 water system revenue bonds issued in 1994. The bonds are payable solely from water customer net revenues and are payable through 2014. Net revenues include all revenues received by the water utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the bonds should require less than 100 percent of net revenues in future years; however, in 2010, principal and interest payments exceeded net revenues and are expected to exceed net revenues in 2011. The total principal and interest remaining to be paid on the bonds is \$671,307. Principal and interest payments for the current year were \$314,304, net revenues were \$194,709 and total revenues were \$1,363,944.

The City has pledged future sewer customer revenues to repay \$985,000 in sewer system OWDA loans obtained in 2006 and 2007, and to repay the \$300,000 sewer system revenue bonds issued in 2007. The loans and bonds are payable solely from sewer customer net revenues and are payable through 2021. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the loans and bonds are expected to require less than 27 percent of net revenues in future years. The total principal and interest remaining to be paid on the loans and bonds are \$936,360 and \$230,435, respectively. Principal and interest payments for the current year were \$208,071, net revenues were \$515,261 and total revenues were \$1,343,170.

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

The City's overall legal debt margin was \$11,391,277 at December 31, 2010.

Note 18 – Subsequent Event

In 2011, the OWDA planning loan was rolled into a OWDA construction loan for wastewater treatment plant improvements. The total estimated amount to be financed is approximately \$9.3 million.



Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

To the Members of Council and Mayor:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Hocking County, Ohio, as of and for the year ended December 31, 2010, which collectively comprise the City of Logan's basic financial statements and have issued our report thereon dated June 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Members of Council and Mayor
City of Logan

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the City of Logan's management in separate letter dated June 27, 2011.

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

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

Julian & Grube, Inc.
June 27, 2011

**CITY OF LOGAN
HOCKING COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</u>
2009-COL-001	<u>Significant Deficiency - Recreation Receipts and Records Retention</u> - The City's Recreation Department did not maintain internal controls with regards to a detailed receipt ledger supporting collections for their activities.	Yes	N/A

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Dave Yost • Auditor of State

CITY OF LOGAN

HOCKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 8, 2011**