

**CITY OF LOGAN
HOCKING COUNTY, OHIO**

Basic Financial Statements
(Audited)

For The Year Ended
December 31, 2013

ANNA T. LINDSAY, 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, 2013 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

August 5, 2014

This page intentionally left blank.

**CITY OF LOGAN
HOCKING COUNTY, OHIO**

BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

TABLE OF CONTENTS

Independent Auditor’s Report	1 - 2
Management’s Discussion and Analysis	4 - 10
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12 - 13
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	14
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) - General Fund	18
Statement of Fund Net Position - Enterprise Funds.....	19
Statement of Revenues, Expenses and Changes in Fund Net Position - Enterprise Funds.....	20
Statement of Cash Flows - Enterprise Funds	21
Notes to the Basic Financial Statements.....	22 - 46
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	47 - 48



Julian & Grube, Inc.

Serving Ohio Local Governments

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

Independent Auditor's Report

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

To the Members of Council and Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Hocking County, Ohio, as of and for the year ended December 31, 2013 and the related notes to the financial statements, which collectively comprise the City of Logan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Hocking County, Ohio, as of December 31, 2013, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Logan's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 24, 2014

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
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, 2013. 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 2013 are as follows:

- In total, net position increased \$396,798. Net position of governmental activities decreased \$285,993 from 2012. Net position of business-type activities increased \$682,791 from 2012.
- In total, assets increased \$1,383,291. Governmental activities increased \$173,944; the business-type activities assets increased \$1,209,347.
- Overall, capital assets increased \$1,691,247. Total capital assets of governmental activities increased \$588,664, or 8 percent. Capital assets of business-type activities increased \$1,102,583, or 6 percent.
- In total, liabilities increased \$1,005,775. Total liabilities of governmental activities increased \$479,219. Total liabilities of business-type activities increased \$526,556 from 2012.

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 position 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 Position and Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The Statement of Net Position 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 position and changes in those assets. This change in net position is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or 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, 2013
Unaudited

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

- **Governmental Activities** – Most of the City's services are reported here including police, fire, administration, and all departments with the exception of our Water 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 14. Fund financial reports provide detailed information about the City's major funds. Based upon restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Logan, our major funds are the General, Capital Improvements, Fire Equipment, 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 Position and the Statement of Activities) and governmental funds is reconciled as part of the financial statements.

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

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

THE CITY OF LOGAN AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2013 compared to 2012.

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Current and Other Assets	\$3,340,922	\$3,755,642	\$2,073,584	\$1,966,820	\$5,414,506	\$5,722,462
Capital Assets, Net	7,848,847	7,260,183	20,374,311	19,271,728	28,223,158	26,531,911
<i>Total Assets</i>	<u>11,189,769</u>	<u>11,015,825</u>	<u>22,447,895</u>	<u>21,238,548</u>	<u>33,637,664</u>	<u>32,254,373</u>
Liabilities						
Current and Other Liabilities	261,597	279,917	286,090	823,352	547,687	1,103,269
Long-Term Liabilities:						
Due within One Year	241,604	153,227	166,381	307,856	407,985	461,083
Due in More than One Year	898,984	489,822	9,216,569	8,011,276	10,115,553	8,501,098
<i>Total Liabilities</i>	<u>1,402,185</u>	<u>922,966</u>	<u>9,669,040</u>	<u>9,142,484</u>	<u>11,071,225</u>	<u>10,065,450</u>
Deferred Inflows of Resources						
Property Taxes	400,780	420,062	0	0	400,780	420,062
Net Position						
Net Investment in Capital Assets	7,038,894	6,938,358	10,952,429	10,736,646	17,991,323	17,675,004
Restricted for:						
Perpetual Care:						
Non-Expendable	65,034	65,034	0	0	65,034	65,034
Police	14,767	23,405	0	0	14,767	23,405
Fire	46,786	48,571	0	0	46,786	48,571
Transportation	161,114	181,225	0	0	161,114	181,225
Capital Projects	224,671	322,717	0	0	224,671	322,717
Other Purposes	840,826	767,651	0	0	840,826	767,651
Unrestricted	994,712	1,325,836	1,826,426	1,359,418	2,821,138	2,685,254
<i>Total Net Position</i>	<u>\$9,386,804</u>	<u>\$9,672,797</u>	<u>\$12,778,855</u>	<u>\$12,096,064</u>	<u>\$22,165,659</u>	<u>\$21,768,861</u>

For governmental activities, capital assets increased \$588,664 mainly due to the new fire truck that was leased during 2013. Intergovernmental receivables increased \$100,072 and income taxes receivable increased \$48,921. These increases were offset by a decrease in equity in pooled cash and cash equivalents of \$615,604. Long-term liabilities increased \$497,539 mainly due to the fire truck lease that was entered into during 2013.

For business-type activities, capital assets increased \$1,102,583 primarily due to the acquisition and construction of the new wastewater treatment facility. Current liabilities decreased \$537,262 mainly due to a \$353,810 decrease in contracts payable and a \$180,417 decrease in Retainage Payable due to the additional work on the new wastewater treatment facility. Long-term liabilities increased \$1,063,818 mainly due to the OWDA loan draws during 2013 for the new wastewater treatment facility and the sanitary sewer evaluation study.

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

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

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues						
Charges for Services	\$438,638	\$371,010	\$2,962,740	\$2,802,407	\$3,401,378	\$3,173,417
Operating Grants, Contributions and Interest	858,726	869,341	395,000	250,000	1,253,726	1,119,341
Capital Grants and Contributions	132,251	219,180	0	0	132,251	219,180
<i>Total Program Revenues</i>	<u>1,429,615</u>	<u>1,459,531</u>	<u>3,357,740</u>	<u>3,052,407</u>	<u>4,787,355</u>	<u>4,511,938</u>
General Revenues						
Property and Other Local Taxes	472,967	491,714	0	0	472,967	491,714
Income Taxes	2,745,818	2,733,921	0	0	2,745,818	2,733,921
Grants and Entitlements	266,181	356,826	0	0	266,181	356,826
Gain on Sale of Capital Assets	500	0	0	0	500	0
Interest	5,198	7,631	0	0	5,198	7,631
Other	13,659	8,855	49,411	42,528	63,070	51,383
<i>Total General Revenues</i>	<u>3,504,323</u>	<u>3,598,947</u>	<u>49,411</u>	<u>42,528</u>	<u>3,553,734</u>	<u>3,641,475</u>
Total Revenues	<u>4,933,938</u>	<u>5,058,478</u>	<u>3,407,151</u>	<u>3,094,935</u>	<u>8,341,089</u>	<u>8,153,413</u>
Program Expenses						
General Government	794,534	907,197	0	0	794,534	907,197
Security of Persons and Property:						
Police	1,888,985	1,844,233	0	0	1,888,985	1,844,233
Fire	950,220	919,023	0	0	950,220	919,023
Transportation	803,549	719,327	0	0	803,549	719,327
Public Health Services	328,299	343,801	0	0	328,299	343,801
Leisure Time Activities	133,681	150,504	0	0	133,681	150,504
Community Environment	301,444	207,348	0	0	301,444	207,348
Basic Utility Services	2,182	1,889	0	0	2,182	1,889
Interest and Fiscal Charges	17,037	15,549	0	0	17,037	15,549
Water	0	0	1,311,726	1,328,077	1,311,726	1,328,077
Sewer	0	0	1,412,634	946,102	1,412,634	946,102
<i>Total Program Expenses</i>	<u>5,219,931</u>	<u>5,108,871</u>	<u>2,724,360</u>	<u>2,274,179</u>	<u>7,944,291</u>	<u>7,383,050</u>
<i>Increase (Decrease) in Net Position</i>	(285,993)	(50,393)	682,791	820,756	396,798	770,363
<i>Net Position at Beginning of Year</i>	<u>9,672,797</u>	<u>9,723,190</u>	<u>12,096,064</u>	<u>11,275,308</u>	<u>21,768,861</u>	<u>20,998,498</u>
<i>Net Position at End of Year</i>	<u>\$9,386,804</u>	<u>\$9,672,797</u>	<u>\$12,778,855</u>	<u>\$12,096,064</u>	<u>\$22,165,659</u>	<u>\$21,768,861</u>

Governmental Activities

Several revenue sources fund our governmental activities, with the City income tax being the biggest contributor. The income tax rate is 1.5 percent. General revenues from property taxes and grants and entitlements, such as local government funds, are also large revenue generators. The City monitors these revenue sources very closely for fluctuations because the income tax, property and other local taxes, and intergovernmental revenue represent 56 percent, 10 percent, and 5 percent, respectively, of all revenues in the governmental activities.

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

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

Intergovernmental revenues (operating and capital grants) and contributions accounted for 69 percent of all program revenues. These revenues are not generated from the City's own resources. Such revenues are often unpredictable and accompanied by administrative requirements. The lower this percentage, the better in regards to independence.

Security of persons and property is a major activity of the City, generating 54 percent of the governmental expenses. During 2013, expenses for police and fire operations amounted to \$1,888,985 and \$950,220, 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 percent of governmental expenses.

General government, public health, leisure time activities, community environment, and basic utility service activities account for the remaining 30 percent of governmental expenditures.

Business-Type Activities

The City's business-type activities are composed of water and sewer operations and are funded almost entirely from charges for services. During 2013, the City collected \$160,333 more in charges for services from the previous year and also spent \$450,181 more.

The City's water and sewer departments continued to operate with low rates. The minimum water and sewer rates are \$12.50 and \$12.46, respectively, for the first 2,000 gallons. Water and sewer rates for two surrounding communities are \$12.83 and \$16.16 for water and \$13.36 and \$13.84 for sewer.

THE CITY'S FUNDS

The City's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$4,881,934 and expenditures of \$5,886,247.

The fund balance of the General Fund decreased \$259,895. The General Fund's balance of \$807,263 represented 23 percent of current year expenditures. Most of this balance remains in the City's treasury.

The fund balance of the Capital Improvements Capital Projects fund decreased \$94,025. The Capital Improvement Fund's balance of \$191,438 represented more than 38 percent of current year expenditures.

The fund balance of the Fire Equipment Capital Projects fund decreased \$28,294. The Fire Equipment Fund's balance of \$43,339 represented more than 7 percent of current year expenditures.

During 2013, the Water Fund had operating revenues of \$1,528,200 and operating expenses of \$1,305,192. The Sewer Fund had operating revenues of \$1,483,951 and operating expenses of \$1,105,454. Water and sewer rates last increased 3 percent on July 1, 2013.

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

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 2013, 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, there were no changes made to initial budgeted revenues of \$3,204,600. Final budgeted expenditures were increased \$22,999 over the original amount. The City of Logan's ending unencumbered fund cash balance in the General Fund was \$267,329 above the final budgeted amount. This is due to the City continuing to make every reasonable effort to hold costs down and maximize the returns the City receives for the monies that are spent.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

(Table 3)
 Capital Assets at December 31, 2013
 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$1,016,036	\$1,007,757	\$216,600	\$216,600	\$1,232,636	\$1,224,357
Construction in Progress	0	0	9,876,530	8,538,991	9,876,530	8,538,991
Land Improvements	2,072,340	2,110,935	2,030	784	2,074,370	2,111,719
Buildings and Improvements	905,109	943,779	0	0	905,109	943,779
Furniture, Fixtures, and Equipment	610,863	635,744	420,105	370,246	1,030,968	1,005,990
Vehicles	1,580,040	1,026,855	22,500	0	1,602,540	1,026,855
Infrastructure:						
City Streets	1,559,886	1,425,185	0	0	1,559,886	1,425,185
Street Signals	104,573	109,928	0	0	104,573	109,928
Water System	0	0	3,141,730	3,237,497	3,141,730	3,237,497
Sewer System	0	0	6,694,816	6,907,610	6,694,816	6,907,610
Totals	\$7,848,847	\$7,260,183	\$20,374,311	\$19,271,728	\$28,223,158	\$26,531,911

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

City of Logan, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Debt

As of December 31, 2013, and December 31, 2012, the City had total long-term debt of \$10,047,178 and \$8,495,010, respectively, as follows:

(Table 4)
 Outstanding Debt at December 31, 2013

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Water Revenue Bonds	\$0	\$0	\$0	\$298,400	\$0	\$298,400
OWDA Loans	0	0	9,150,682	7,776,958	9,150,682	7,776,958
Energy Conservation Bonds	172,801	195,331	86,543	97,827	259,344	293,158
General Obligation Bonds	57,587	76,086	0	0	57,587	76,086
Capital Leases	579,565	50,408	0	0	579,565	50,408
Totals	\$809,953	\$321,825	\$9,237,225	\$8,173,185	\$10,047,178	\$8,495,010

The City's overall legal debt margin was \$11,200,130 at December 31, 2013. For additional information on the City's debt, see Notes 16 and 18 to the basic financial statements.

CURRENT ISSUES

As the preceding information shows, the City depends heavily on its taxpayers and grants and entitlements. Stress on the City's finances is ongoing. However, infrastructure improvements and upgrades are continuing. With improvements such as the construction of new wastewater treatment facility, which is scheduled to be completed in 2014, it is imperative that the City of Logan continues to tighten spending to better bring expenses in line with revenues. The City must carefully watch financial planning if it 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 Anna T. Lindsay, Logan City Auditor, 10 South Mulberry Street, Logan, Ohio 43138.

City of Logan, Ohio
Statement of Net Position
December 31, 2013

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,018,779	\$1,533,367	\$2,552,146
Investments in Segregated Accounts	65,034	0	65,034
Accrued Interest Receivable	2,544	0	2,544
Intergovernmental Receivable	753,049	407	753,456
Accounts Receivable	11,154	539,810	550,964
Permissive MVL Taxes Receivable	2,425	0	2,425
Income Taxes Receivable	668,419	0	668,419
Property and Other Local Taxes Receivable	428,084	0	428,084
Loans Receivable	391,434	0	391,434
Nondepreciable Capital Assets	1,016,036	10,093,130	11,109,166
Depreciable Capital Assets, Net	6,832,811	10,281,181	17,113,992
<i>Total Assets</i>	<u>11,189,769</u>	<u>22,447,895</u>	<u>33,637,664</u>
Liabilities			
Accounts Payable	63,817	38,878	102,695
Contracts Payable	0	3,177	3,177
Accrued Wages Payable	77,252	24,214	101,466
Accrued Interest Payable	3,941	281	4,222
Intergovernmental Payable	110,640	29,138	139,778
Matured Compensated Absences Payable	5,947	8,922	14,869
Retainage Payable	0	181,480	181,480
Long-Term Liabilities:			
Due within One Year	241,604	166,381	407,985
Due in More than One Year	898,984	9,216,569	10,115,553
<i>Total Liabilities</i>	<u>1,402,185</u>	<u>9,669,040</u>	<u>11,071,225</u>
Deferred Inflows of Resources			
Property Taxes	400,780	0	400,780
Net Position			
Net Investment in Capital Assets	7,038,894	10,952,429	17,991,323
Restricted for:			
Perpetual Care:			
Non-Expendable	65,034	0	65,034
Police	14,767	0	14,767
Fire	46,786	0	46,786
Transportation	161,114	0	161,114
Capital Projects	224,671	0	224,671
Other Purposes	840,826	0	840,826
Unrestricted	994,712	1,826,426	2,821,138
<i>Total Net Position</i>	<u>\$9,386,804</u>	<u>\$12,778,855</u>	<u>\$22,165,659</u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
Statement of Activities
For the Year Ended December 31, 2013

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Governmental Activities				
General Government	\$794,534	\$79,355	\$0	\$0
Security of Persons and Property:				
Police	1,888,985	61,346	111,980	0
Fire	950,220	128,194	23,505	0
Transportation	803,549	36,390	314,179	132,251
Public Health Services	328,299	47,012	247	0
Leisure Time Activities	133,681	86,341	7,936	0
Community Environment	301,444	0	400,879	0
Basic Utility Services	2,182	0	0	0
Interest and Fiscal Charges	17,037	0	0	0
<i>Total Governmental Activities</i>	<u>5,219,931</u>	<u>438,638</u>	<u>858,726</u>	<u>132,251</u>
Business-Type Activities				
Water	1,311,726	1,493,591	0	0
Sewer	1,412,634	1,469,149	395,000	0
<i>Total Business-Type Activities</i>	<u>2,724,360</u>	<u>2,962,740</u>	<u>395,000</u>	<u>0</u>
Totals	<u>\$7,944,291</u>	<u>\$3,401,378</u>	<u>\$1,253,726</u>	<u>\$132,251</u>

General Revenues

Property and Other Local Taxes Levied for:

 General Purposes

 Police

 Fire

Income Taxes Levied for:

 General Purposes

 Capital Improvements

Grants and Entitlements not Restricted to Specific Programs

Gain on Sale of Capital Assets

Interest

Other

Total General Revenues

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$715,179)	\$0	(\$715,179)
(1,715,659)	0	(1,715,659)
(798,521)	0	(798,521)
(320,729)	0	(320,729)
(281,040)	0	(281,040)
(39,404)	0	(39,404)
99,435	0	99,435
(2,182)	0	(2,182)
(17,037)	0	(17,037)
(3,790,316)	0	(3,790,316)
0	181,865	181,865
0	451,515	451,515
0	633,380	633,380
(3,790,316)	633,380	(3,156,936)
199,220	0	199,220
29,066	0	29,066
244,681	0	244,681
2,471,235	0	2,471,235
274,583	0	274,583
266,181	0	266,181
500	0	500
5,198	0	5,198
13,659	49,411	63,070
3,504,323	49,411	3,553,734
(285,993)	682,791	396,798
9,672,797	12,096,064	21,768,861
\$9,386,804	\$12,778,855	\$22,165,659

City of Logan, Ohio

Balance Sheet

Governmental Funds

December 31, 2013

	General	Capital Improvements	Fire Equipment	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$673,046	\$158,398	\$43,339	\$143,996	\$1,018,779
Investments in Segregated Accounts	0	0	0	65,034	65,034
Receivables:					
Accrued Interest	2,254	0	0	290	2,544
Intergovernmental Accounts	167,741	248	8,545	576,515	753,049
Interfund	10,224	0	0	930	11,154
Permissive MVL Taxes	0	0	0	6,907	6,907
Income Taxes	0	0	0	2,425	2,425
Property and Other Local Taxes	601,577	66,842	0	0	668,419
Loans	175,971	0	0	252,113	428,084
	0	0	0	391,434	391,434
Total Assets	\$1,630,813	\$225,488	\$51,884	\$1,439,644	\$3,347,829
Liabilities					
Accounts Payable	\$59,903	\$817	\$0	\$3,097	\$63,817
Accrued Wages Payable	68,952	0	0	8,300	77,252
Intergovernmental Payable	95,021	0	0	15,619	110,640
Matured Compensated Absences Payable	0	0	0	5,947	5,947
Interfund Payable	0	0	0	6,907	6,907
Total Liabilities	223,876	817	0	39,870	264,563
Deferred Inflows of Resources					
Property Taxes	163,779	0	0	237,001	400,780
Unavailable Revenue	435,895	33,233	8,545	566,748	1,044,421
Total Deferred Inflows of Resources	599,674	33,233	8,545	803,749	1,445,201
Fund Balances					
Nonspendable	0	0	0	437,884	437,884
Restricted	0	191,438	0	142,377	333,815
Committed	0	0	43,339	15,764	59,103
Assigned	561,587	0	0	0	561,587
Unassigned	245,676	0	0	0	245,676
Total Fund Balances	807,263	191,438	43,339	596,025	1,638,065
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$1,630,813	\$225,488	\$51,884	\$1,439,644	\$3,347,829

See accompanying notes to the basic financial statements

City of Logan, Ohio
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
December 31, 2013*

Total Governmental Fund Balances		\$1,638,065
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,848,847
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	25,916	
Income Taxes	329,847	
Charges for Services	16,060	
Intergovernmental Revenues	<u>672,598</u>	1,044,421
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Leases Payable	(579,565)	
General Obligation Bonds Payable	(57,587)	
Energy Conservation Bonds Payable	(172,801)	
Accrued Interest Payable	(3,941)	
Compensated Absences Payable	<u>(330,635)</u>	<u>(1,144,529)</u>
 <i>Net Position of Governmental Activities</i>		 <u><u>\$9,386,804</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, 2013

	General	Capital Improvements	Fire Equipment	Other Governmental Funds	Total Governmental Funds
Revenues					
Property and Other Local Taxes	\$201,989	\$0	\$0	\$276,879	\$478,868
Income Taxes	2,509,070	278,786	0	0	2,787,856
Permissive MVL Taxes	0	0	0	36,390	36,390
Intergovernmental	370,149	132,069	0	662,316	1,164,534
Charges for Services	194,155	0	54,827	86,341	335,323
Fines, Licenses, and Permits	49,048	0	0	991	50,039
Interest	5,197	1	0	258	5,456
Donations	0	0	0	8,804	8,804
Other	7,112	0	0	7,552	14,664
<i>Total Revenues</i>	<u>3,336,720</u>	<u>410,856</u>	<u>54,827</u>	<u>1,079,531</u>	<u>4,881,934</u>
Expenditures					
Current:					
General Government	621,008	0	0	0	621,008
Security of Persons and Property:					
Police	1,764,352	0	0	47,026	1,811,378
Fire	565,498	0	0	262,915	828,413
Transportation	255,960	0	0	424,571	680,531
Public Health Services	325,105	0	0	5,076	330,181
Leisure Time Activities	0	0	0	110,312	110,312
Community Environment	11,678	0	0	289,766	301,444
Basic Utility Services	2,182	0	0	0	2,182
Capital Outlay	0	483,881	612,817	0	1,096,698
Debt Service:					
Principal Retirement	22,530	18,499	46,801	539	88,369
Interest and Fiscal Charges	8,302	2,501	0	4,928	15,731
<i>Total Expenditures</i>	<u>3,576,615</u>	<u>504,881</u>	<u>659,618</u>	<u>1,145,133</u>	<u>5,886,247</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(239,895)</u>	<u>(94,025)</u>	<u>(604,791)</u>	<u>(65,602)</u>	<u>(1,004,313)</u>
Other Financing Sources (Uses)					
Proceeds from Sale of Capital Assets	500	0	0	0	500
Inception of Capital Lease	0	0	576,497	0	576,497
Transfers In	0	0	0	20,500	20,500
Transfers Out	(20,500)	0	0	0	(20,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(20,000)</u>	<u>0</u>	<u>576,497</u>	<u>20,500</u>	<u>576,997</u>
<i>Net Change in Fund Balance</i>	<u>(259,895)</u>	<u>(94,025)</u>	<u>(28,294)</u>	<u>(45,102)</u>	<u>(427,316)</u>
<i>Fund Balances at Beginning of Year</i>	<u>1,067,158</u>	<u>285,463</u>	<u>71,633</u>	<u>641,127</u>	<u>2,065,381</u>
<i>Fund Balances at End of Year</i>	<u>\$807,263</u>	<u>\$191,438</u>	<u>\$43,339</u>	<u>\$596,025</u>	<u>\$1,638,065</u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
*Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2013*

Net Change in Fund Balances - Total Governmental Funds (\$427,316)

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	1,029,615	
Depreciation Expense	<u>(440,951)</u>	588,664

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

Delinquent Property Taxes	(5,901)	
Income Taxes	(42,038)	
Intergovernmental	83,562	
Charges for Services	16,886	
Other Revenue	<u>(1,005)</u>	51,504

The inception of capital lease is reported as an other financing source in the governmental funds, but increases long-term liabilities on the statement of net position. (576,497)

Repayments of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 88,369

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, interest is expended when due. (1,306)

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>(9,411)</u>
----------------------	--	----------------

Change in Net Position of Governmental Activities (\$285,993)

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property and Other Local Taxes	\$210,590	\$210,590	\$202,096	(\$8,494)
Income Taxes	2,415,000	2,415,000	2,427,207	12,207
Intergovernmental	359,710	359,710	370,754	11,044
Charges for Services	162,600	162,600	192,149	29,549
Fines, Licenses, and Permits	43,300	43,300	47,511	4,211
Interest	3,800	3,800	3,094	(706)
Donations	100	100	0	(100)
Other	9,500	9,500	7,475	(2,025)
<i>Total Revenues</i>	<u>3,204,600</u>	<u>3,204,600</u>	<u>3,250,286</u>	<u>45,686</u>
Expenditures				
Current:				
General Government	668,359	697,807	633,228	64,579
Security of Persons and Property:				
Police	1,980,997	1,977,071	1,881,459	95,612
Fire	629,081	627,834	597,472	30,362
Transportation	268,416	267,884	254,929	12,955
Public Health Services	360,785	360,070	342,657	17,413
Community Environment	12,621	12,596	11,987	609
Basic Utilities	2,297	2,293	2,182	111
Debt Service:				
Principal Retirement	22,530	22,530	22,530	0
Interest and Fiscal Charges	8,304	8,304	8,302	2
<i>Total Expenditures</i>	<u>3,953,390</u>	<u>3,976,389</u>	<u>3,754,746</u>	<u>221,643</u>
<i>Excess of Revenues Under Expenditures</i>	(748,790)	(771,789)	(504,460)	267,329
Other Financing Uses				
Transfers Out	(20,500)	(20,500)	(20,500)	0
<i>Net Change in Fund Balance</i>	(769,290)	(792,289)	(524,960)	267,329
<i>Fund Balance at Beginning of Year</i>	901,514	901,514	901,514	0
Prior Year Encumbrances Appropriated	149,823	149,823	149,823	0
<i>Fund Balance at End of Year</i>	<u>\$282,047</u>	<u>\$259,048</u>	<u>\$526,377</u>	<u>\$267,329</u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
Statement of Fund Net Position
Enterprise Funds
December 31, 2013

	Water	Sewer	Total Enterprise Funds
Assets			
Current :			
Equity in Pooled Cash and Cash Equivalents	\$406,455	\$1,126,912	\$1,533,367
Intergovernmental Receivable	0	407	407
Accounts Receivable	230,401	309,409	539,810
<i>Total Current Assets</i>	<u>636,856</u>	<u>1,436,728</u>	<u>2,073,584</u>
Noncurrent:			
Nondepreciable Capital Assets	84,000	10,009,130	10,093,130
Depreciable Capital Assets, Net	3,404,476	6,876,705	10,281,181
<i>Total Noncurrent Assets</i>	<u>3,488,476</u>	<u>16,885,835</u>	<u>20,374,311</u>
<i>Total Assets</i>	<u>4,125,332</u>	<u>18,322,563</u>	<u>22,447,895</u>
Liabilities			
Current:			
Accounts Payable	19,444	19,434	38,878
Contracts Payable	0	3,177	3,177
Accrued Wages Payable	15,338	8,876	24,214
Accrued Interest Payable	281	0	281
Intergovernmental Payable	15,268	13,870	29,138
Matured Compensated Absences Payable	4,461	4,461	8,922
Retainage Payable	0	181,480	181,480
General Obligation Bonds Payable	11,783	0	11,783
OWDA Loans Payable	0	97,779	97,779
Compensated Absences Payable	36,245	20,574	56,819
<i>Total Current Liabilities</i>	<u>102,820</u>	<u>349,651</u>	<u>452,471</u>
Long-Term:			
General Obligation Bonds Payable	74,760	0	74,760
OWDA Loans Payable	0	9,052,903	9,052,903
Compensated Absences Payable	33,611	55,295	88,906
<i>Total Long-Term Liabilities</i>	<u>108,371</u>	<u>9,108,198</u>	<u>9,216,569</u>
<i>Total Liabilities</i>	<u>211,191</u>	<u>9,457,849</u>	<u>9,669,040</u>
Net Position			
Net Investment in Capital Assets	3,401,933	7,550,496	10,952,429
Unrestricted	512,208	1,314,218	1,826,426
<i>Total Net Position</i>	<u>\$3,914,141</u>	<u>\$8,864,714</u>	<u>\$12,778,855</u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
*Statement of Revenues, Expenses,
and Changes in Fund Net Position*
Enterprise Funds
For the Year December 31, 2013

	Water	Sewer	Total Enterprise Funds
Operating Revenues			
Charges for Services	\$1,493,591	\$1,469,149	\$2,962,740
Other Operating Revenues	34,609	14,802	49,411
<i>Total Operating Revenues</i>	<u>1,528,200</u>	<u>1,483,951</u>	<u>3,012,151</u>
Operating Expenses			
Salaries and Wages	494,461	400,185	894,646
Fringe Benefits	243,379	183,451	426,830
Contractual Services	209,225	261,191	470,416
Materials and Supplies	224,010	25,911	249,921
Depreciation	133,166	234,716	367,882
Other Operating Expenses	951	0	951
<i>Total Operating Expenses</i>	<u>1,305,192</u>	<u>1,105,454</u>	<u>2,410,646</u>
<i>Operating Income</i>	<u>223,008</u>	<u>378,497</u>	<u>601,505</u>
Non-Operating Revenues (Expenses)			
Capital Contributions	0	395,000	395,000
Interest and Fiscal Charges	(6,534)	(307,180)	(313,714)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(6,534)</u>	<u>87,820</u>	<u>81,286</u>
<i>Change in Net Position</i>	216,474	466,317	682,791
<i>Net Position at Beginning of Year</i>	<u>3,697,667</u>	<u>8,398,397</u>	<u>12,096,064</u>
<i>Net Position at End of Year</i>	<u>\$3,914,141</u>	<u>\$8,864,714</u>	<u>\$12,778,855</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, 2013

	Water	Sewer	Total Enterprise Funds
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	\$1,477,408	\$1,371,632	\$2,849,040
Cash Payments for Employee Services and Benefits	(732,067)	(582,121)	(1,314,188)
Cash Payments to Suppliers for Goods and Services	(434,986)	(287,726)	(722,712)
Other Operating Revenues	59,133	16,840	75,973
Other Operating Expenses	(951)	0	(951)
<i>Net Cash Provided by Operating Activities</i>	<u>368,537</u>	<u>518,625</u>	<u>887,162</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(96,101)	(1,908,591)	(2,004,692)
Proceeds of Loans	0	1,665,944	1,665,944
Principal Paid on Debt	(309,684)	(292,220)	(601,904)
Interest Paid on Debt	(14,704)	(307,180)	(321,884)
Capital Contributions	0	395,000	395,000
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(420,489)</u>	<u>(447,047)</u>	<u>(867,536)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(51,952)	71,578	19,626
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>458,407</u>	<u>1,055,334</u>	<u>1,513,741</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$406,455</u></u>	<u><u>\$1,126,912</u></u>	<u><u>\$1,533,367</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
<i>Operating Income</i>	\$223,008	\$378,497	\$601,505
<i>Adjustments:</i>			
Depreciation	133,166	234,716	367,882
(Increase) Decrease in Assets:			
Accounts Receivable	8,341	(95,292)	(86,951)
Intergovernmental Receivable	0	(187)	(187)
Increase (Decrease) in Liabilities:			
Accounts Payable	(1,731)	(588)	(2,319)
Accrued Wages Payable	153	(2,149)	(1,996)
Intergovernmental Payable	584	(56)	528
Compensated Absences Payable	5,016	3,684	8,700
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$368,537</u></u>	<u><u>\$518,625</u></u>	<u><u>\$887,162</u></u>

See accompanying notes to the basic financial statements

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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 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 also include organizations that are fiscally dependent upon the City in that the City approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the primary government. No separate government units meet the criteria for inclusion as a component unit.

The City participates in four jointly governed organizations. These organizations are presented in Note 11 to the Basic Financial Statements. The organizations are:

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

Note 2 – Summary of Significant Accounting Policies

The financial statements of the City of Logan have been prepared in conformity to accounting principles generally accepted in the United States of America 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 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, 2013

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

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

Fire Equipment Fund The Fire Equipment Fund is used to account for income from individual fire contracts for the acquisition of fire equipment.

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service. The City's proprietary funds are all classified as enterprise funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. 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 position and changes in net position. There are four categories of fiduciary funds: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held 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 has no fiduciary funds.

C. Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current deferred outflows and current liabilities and current deferred inflows generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports in the sources (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.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of these funds are included on the statement of fund net position. The statement of changes in revenues, expenses, and changes in fund net position presents increases (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.

D. Basis of Accounting

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

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

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position report will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows or resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, charges for services, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

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

E. Budgetary Process

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

During 2013, investments were limited to STAR Ohio and certificates of deposit. Certificates of deposit are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold for on December 31, 2013.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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 2013 amounted to \$5,197, which includes \$3,858 assigned from other City funds.

The Cemetery Endowment Permanent Fund certificate of deposit is reflected as "Investments in Segregated Accounts."

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

G. Loans Receivable

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their 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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

I. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated on the statement of net position.

J. 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.

K. 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.

L. Fund Balance

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

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

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

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

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

M. Internal Activity

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

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

N. 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. Bonds and capital leases are recognized as a liability on the governmental fund financial statements when due.

O. Estimates

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

P. Net Position

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

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

Q. Operating Revenues and Expenses

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

R. 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 2013, the City implemented Governmental Accounting Standard Board (GASB) *Statement No. 61, “The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34.”* This Statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. The implementation of this statement did not result in any change in the City’s financial statements.

Note 4 – Fund Balances

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

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Fund Balances	General	Capital Improvements	Fire Equipment	Other Governmental	Total
Nonspendable:					
Loans	\$0	\$0	\$0	\$372,850	\$372,850
Endowments	0	0	0	65,034	65,034
<i>Total Nonspendable</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>437,884</u>	<u>437,884</u>
Restricted for:					
Street Improvements	0	0	0	54,889	54,889
Law Enforcement	0	0	0	10,273	10,273
Fire Protection	0	0	0	9,239	9,239
Parks and Recreation	0	0	0	621	621
Community Development	0	0	0	33,241	33,241
Cemeteries	0	0	0	34,114	34,114
Capital Improvements	0	191,438	0	0	191,438
<i>Total Restricted</i>	<u>0</u>	<u>191,438</u>	<u>0</u>	<u>142,377</u>	<u>333,815</u>
Committed for:					
Fire Equipment	0	0	43,339	0	43,339
Parks and Recreation	0	0	0	15,764	15,764
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>43,339</u>	<u>15,764</u>	<u>59,103</u>
Assigned to:					
2014 Appropriations	114,797	0	0	0	114,797
Other Purposes	446,790	0	0	0	446,790
<i>Total Assigned</i>	<u>561,587</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>561,587</u>
Unassigned:	<u>245,676</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>245,676</u>
<i>Total Fund Balances</i>	<u><u>\$807,263</u></u>	<u><u>\$191,438</u></u>	<u><u>\$43,339</u></u>	<u><u>\$596,025</u></u>	<u><u>\$1,638,065</u></u>

Note 5 – Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

3. Encumbrances are treated as expenditures (budget) rather than restricted, committed, or assigned fund balance (GAAP).
4. Unrecorded items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.

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

Net Change in Fund Balance	
	<u>General</u>
GAAP Basis	(\$259,895)
Revenue Accruals	(86,920)
Expenditure Accruals	(31,476)
Unreported Items:	
End of Year	(14)
Encumbrances	<u>(146,655)</u>
Budget Basis	<u><u>(\$524,960)</u></u>

Note 6 – Deposits and Investments

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

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

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

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

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

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances 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 if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City. Investments must be purchased with the expectation that they will be held to maturity. Investments may only be made through specified dealers and institutions.

Cash on Hand At year end, the City had \$5,753 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the carrying amount of the City's deposits was \$2,485,645 and the bank balance was \$2,552,275. Of the bank balance, \$547,034 was covered by Federal depository insurance and \$2,005,241 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, 2013, the City's investment in STAR Ohio had an average maturity of fifty-five days and a fair value of \$125,782. The City has no investment policy beyond State statute that requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity.

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 7 – Receivables

Receivables at December 31, 2013, consisted of municipal income taxes, property and other local taxes, accounts (billings for user fees including unbilled utility services), permissive motor vehicle license taxes, loans, intergovernmental receivables arising from entitlements and shared revenues, and accrued interest on investments. Loans receivable of \$7,027 and \$384,407 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 \$372,850. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes are levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

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

Public utility property tax revenue received in calendar year 2013 represent the collection of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien on December 31, 2012, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The full tax rate for all City operations for the year ended December 31, 2013, was \$4.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2013 property tax receipts were based are as follows:

Real Property	\$102,736,520
Public Utility Real Property	<u>4,479,830</u>
Total Assessed Value	<u><u>\$107,216,350</u></u>

Hocking County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Logan. The County Auditor periodically remits to the City its portion of the taxes collected.

Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which are measurable as of December 31, 2013, and for which there is an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance current year operations is offset to deferred inflows of resources – property taxes. On the accrual basis, delinquent collectible property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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. Intergovernmental Receivable

A summary of intergovernmental receivables follows:

Governmental Activities:	
Local Government	\$111,324
Real Estate Assessment	14,287
Kilowatt Per Hour	74
Homestead and Rollback	29,474
Gasoline Tax	122,783
Motor Vehicle License Tax	26,669
State Electric Light	2,480
School Resource Officer Grant	25,341
Community Development Block Grants	400,000
Green Township	17,090
Miscellaneous	3,527
Total Governmental Activities	<u>753,049</u>
Business-Type Activities:	
Miscellaneous	407
Total Business-Type Activities	<u>407</u>
Total Intergovernmental Receivables	<u><u>\$753,456</u></u>

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 8 – Contractual Commitments

As of December 31, 2013, the City had the following contractual commitments for the construction of its new wastewater treatment plant and sanitary sewer evaluation study:

Vendor	Fund	Contract Amount	Amount Expended	Balance at 12/31/2013
<u>Wastewater Treatment Plant</u>				
URS Corporation	Sewer	\$1,085,200	\$1,085,200	\$0
Mechanical Construction Co., Inc.	Sewer	8,591,745	8,554,462	37,283
Miscellaneous	Sewer	47,295	47,295	0
		9,724,240	9,686,957	37,283
<u>Sanitary Sewer Evaluation Study</u>				
Stantec	Sewer	216,995	189,573	27,422
Totals		\$9,941,235	\$9,876,530	\$64,705

Note 9 – Risk Management

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

Property and Liability	Deductible	Limits of Coverage
Buildings and Contents	\$500	\$25,047,776
Boiler and Machinery	1,000	4,000,000
Employee Dishonesty	0	250,000
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
Garage Keeper	0	50,000

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.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 10 – Interfund Balances and Transfers

Interfund balances at December 31, 2013, consisted of an interfund receivable to the Recreation Special Revenue Fund and an Interfund Payable from the Recreation Trust Special Revenue Fund for the reimbursement of 2013 swimming pool expenditures.

The General Fund made transfers to the Recreation and Section 18 Special Revenue Funds in the amounts of \$10,500 and \$10,000, respectively. These 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. The transfer was made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Note 11 – Jointly Governed Organizations

A. Hocking Metropolitan Housing Authority

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

B. Hocking County Council on Aging, Incorporated

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

C. Hocking County Regional Planning Commission

The City participates in the Hocking County Regional Planning Commission, which is a statutorily created political subdivision of the State. The Commission is governed by a nine member board composed of the Mayor of the City of Logan, the three Hocking County Commissioners, the County Engineer, the County Sanitarian, and three individuals from the public sector. Each member's control over the operation of the Commission is limited to its representation of the board. The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of Hocking County. In 2013, the City did not contribute any money to the Commission. Continued existence is not dependent on the City's continued participation, no equity interest exists, and no debt is outstanding.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

D. Buckeye Hills-Hocking Valley Regional Development District

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

The District administers County Community Development Block Grant and Issue II monies. The continued existence of the District is not dependent on the City's continued participation and no equity interest exists. In 2013, the City paid a \$126 administrative fee to the District.

Note 12 – Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

	Balance at 12/31/12	Additions	Deductions	Balance at 12/31/13
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$1,007,757	\$8,279	\$0	\$1,016,036
Depreciable Capital Assets:				
Land Improvements	4,181,388	32,335	0	4,213,723
Buildings and Improvements	1,833,221	0	0	1,833,221
Furniture, Fixtures, and Equipment	2,325,790	64,641	5,415	2,385,016
Vehicles	2,491,466	694,380	4,778	3,181,068
City Streets	7,511,705	229,980	0	7,741,685
Street Signals	895,038	0	0	895,038
Total Depreciable Capital Assets	19,238,608	1,021,336	10,193	20,249,751
Less Accumulated Depreciation:				
Land Improvements	(2,070,453)	(70,930)	0	(2,141,383)
Buildings and Improvements	(889,442)	(38,670)	0	(928,112)
Furniture, Fixtures, and Equipment	(1,690,046)	(89,522)	(5,415)	(1,774,153)
Vehicles	(1,464,611)	(141,195)	(4,778)	(1,601,028)
City Streets	(6,086,520)	(95,279)	0	(6,181,799)
Street Signals	(785,110)	(5,355)	0	(790,465)
Total Accumulated Depreciation	(12,986,182)	(440,951) *	(10,193)	(13,416,940)
Total Capital Assets being Depreciated, Net	6,252,426	580,385	0	6,832,811
Governmental Activities Capital Assets, Net	\$7,260,183	\$588,664	\$0	\$7,848,847

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

*Depreciation expense was charged to governmental programs as follows:

General Government	\$62,798
Security of Persons and Property:	
Police	69,209
Fire	111,642
Transportation	160,563
Public Health Services	13,370
Leisure Time Activities	23,369
	<u>23,369</u>
Total Depreciation Expense	<u>\$440,951</u>

	Balance at 12/31/12	Additions	Deductions	Balance at 12/31/13
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	\$216,600	\$0	\$0	\$216,600
Construction in Progress	8,538,991	1,337,539	0	9,876,530
	<u>8,755,591</u>	<u>1,337,539</u>	<u>0</u>	<u>10,093,130</u>
Total Capital Assets not being Depreciated				
Depreciable Capital Assets:				
Land Improvements	61,168	2,100	0	63,268
Furniture, Fixtures, and Equipment	1,118,236	101,326	0	1,219,562
Vehicles	214,312	25,000	0	239,312
Infrastructure	17,528,019	4,500	0	17,532,519
	<u>18,921,735</u>	<u>132,926</u>	<u>0</u>	<u>19,054,661</u>
Total Capital Assets being Depreciated				
Less Accumulated Depreciation:				
Land Improvements	(60,384)	(854)	0	(61,238)
Furniture, Fixtures, and Equipment	(747,990)	(51,467)	0	(799,457)
Vehicles	(214,312)	(2,500)	0	(216,812)
Infrastructure	(7,382,912)	(313,061)	0	(7,695,973)
	<u>(8,405,598)</u>	<u>(367,882)</u>	<u>0</u>	<u>(8,773,480)</u>
Total Accumulated Depreciation				
Total Capital Assets being Depreciated, Net	<u>10,516,137</u>	<u>(234,956)</u>	<u>0</u>	<u>10,281,181</u>
Business-Type Activities Capital Assets, Net	<u>\$19,271,728</u>	<u>\$1,102,583</u>	<u>\$0</u>	<u>\$20,374,311</u>

Note 13 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2013, members in state and local classifications contributed 10.0 percent of covered payroll. For 2013, member and employer contribution rates were consistent across all three plans.

The City's 2013 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2013, the portion of employer contribution allocated to health care was 1.0 percent for members in the traditional plan and the combined plan. Effective January 1, 2014, the portion of employer contributions allocated to health care increased to 2 percent. 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, 2013, 2012, and 2011, were \$242,928, \$180,171, and \$169,973, respectively. For 2013, 90.47 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011. Contributions to the member-directed plan for 2013 were \$11,407 made by the City and \$8,148 made by the plan members.

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 – Employer and employee contribution rates are set by the Ohio Revised Code. From January 1, 2013, thru July 1, 2013, plan members were required to contribute 10 percent of their annual covered salary. From July 2, 2013, thru December 31, 2013, plan members were required to contribute 10.75 percent of their annual covered salary. Throughout 2013, employers were required to contribute 19.5 percent and 24 percent respectively for police officers and 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. For January 1, 2013, thru May 31, 2013, the portion of employer contributions used to fund pension benefits was 14.81 percent of covered payroll for police officers and 19.31 percent of covered payroll for firefighters. For June 1, 2013, thru December 31, 2013, the portion of employer contributions used to fund pension benefits was 16.65 percent of covered payroll for police officers and 21.15 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters were \$122,519 and \$96,159 for the year ended December 31, 2013, \$97,972 and \$79,459 for the year ended December 31, 2012, and \$88,152 and \$80,521 for the year ended December 31, 2011. For 2013, 88.54 percent for police and 86.98 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 2012 and 2011.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 14 – Postemployment Benefits

A. Ohio Public Employees Retirement System

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

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

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, 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. For 2013, the portion of employer contributions allocated to health care for members in the traditional plan and the combined plan was 1.0 percent. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary.

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, 2013, 2012, and 2011, were \$18,299, \$72,069, and \$67,989, respectively. For 2013, 90.47 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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. That report is also available at OP&F's website at www.op-f.org.

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 January 1, 2013, thru May 31, 2013, the employer contribution allocated to the health care plan was 4.69 percent of covered payroll. For June 1, 2013, thru December 31, 2013, the employer contribution allocated to the health care plan was 2.85 percent 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 \$20,972 and \$12,958 for the year ended December 31, 2013, \$51,868 and \$31,093 for the year ended December 31, 2012, and \$46,669 and \$31,508 for the year ended December 31, 2011. For 2013, 88.54 percent has been contributed for police and 86.98 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 2012 and 2011.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 15 – Employee Benefits

A. Insurance

In 2013, the City contracted with United Healthcare to provide all employees with \$25,000 each in life and accidental death and dismemberment insurance.

The City provides comprehensive major medical insurance through United Healthcare. Monthly premiums for the lower deductible and co-pay plan are \$735.84 for single coverage and \$1,913.18 for family coverage. The City pays \$734.84 of the premiums for the single lower deductible and co-pay plans and the City's employees pay the remaining balances. The City pays \$1,682.60 of the premiums for employees participating in the family lower deductible and co-pay plans with the remainder being paid by the employees. Monthly premiums for the higher deductible and co-pay plan are \$613.76 for single coverage and \$1,595.77 for family coverage. The City pays \$604.76 of the premiums for single higher deductible and co-pay plans and the City's employees pay the remaining balances. The City pays \$1,501.77 of the premiums for employees participating in the family higher deductible and co-pay plans with the remainder being paid by the employees.

B. Compensated Absences

The criteria for determining vested sick leave benefits are derived from negotiated agreements and State laws. Upon retirement, 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 16 – Capital Leases – Lessee Disclosure

In 2013, the City entered into a lease for a fire truck in the amount of \$576,497. In previous years, the City had entered into capitalized lease agreements for fire rescue equipment. The leases meet the criteria of a capital lease which is defined as a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the fund financial statements. Principal payments made in 2013 totaled \$47,340 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
2014	\$96,135
2015	96,135
2016	96,135
2017	96,135
2018	96,137
2019-2020	131,599
Total Minimum Lease Payments	612,276
Less: Amount Representing Interest	(32,711)
Present Value of Net Minimum Lease Payments	\$579,565

The equipment has been capitalized in the amount of \$677,351, the present value of the minimum lease payments at the inception of the lease. The accumulated depreciation as of December 31, 2013, was \$69,880, leaving a remaining book value of \$607,471.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 17 – Contingent Liabilities

A. Grants

The City received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2013.

B. Litigation

As of December 31, 2013, the City is a party in two lawsuits, but the City has determined that any potential liability will not have a material effect on the financial statements.

Note 18 – Long-Term Obligations

A schedule of changes in long-term obligations of the City during 2013 follows:

	Principal Outstanding 12/31/12	Additions	Deductions	Principal Outstanding 12/31/13	Amounts Due in One Year
Governmental Activities:					
2010 Energy Conservation General Obligation Bonds - 4.375%	\$195,331	\$0	\$22,530	\$172,801	\$23,527
2011 General Obligation Bonds - 3.289%	76,086	0	18,499	57,587	19,115
Capital Leases	50,408	576,497	47,340	579,565	87,281
Compensated Absences	321,224	38,088	28,677	330,635	111,681
Total Governmental Activities	\$643,049	\$614,585	\$117,046	\$1,140,588	\$241,604
Business-Type Activities:					
2010 Energy Conservation General Obligation Bonds - 4.375%	\$97,827	\$0	\$11,284	\$86,543	\$11,783
1994 Revenue Bonds Water System - 5.00%	298,400	0	298,400	0	0
2011 OWDA Sewer Plant Improvements Loan - 4.95%	7,776,958	1,460,081	292,220	8,944,819	97,779
2013 OWDA Sanitary Sewer Evaluation Loan - 3.84%	0	205,863	0	205,863	0
Compensated Absences	145,947	14,542	14,764	145,725	56,819
Total Business-Type Activities	\$8,319,132	\$1,680,486	\$616,668	\$9,382,950	\$166,381

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

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Principal and interest requirements to retire the General Fund's portion of the energy conservation general obligation bonds outstanding at December 31, 2013, are as follows:

Year Ended December 31,	Principal	Interest	Total
2014	\$23,527	\$7,306	\$30,833
2015	24,567	6,265	30,832
2016	25,796	5,207	31,003
2017	26,789	4,044	30,833
2018	27,973	2,859	30,832
2019-2020	44,149	1,924	46,073
	<u>\$172,801</u>	<u>\$27,605</u>	<u>\$200,406</u>

Principal and interest requirements to retire the Water Enterprise Fund's portion of the energy conservation general obligation bonds outstanding at December 31, 2013, are as follows:

Year Ended December 31,	Principal	Interest	Total
2014	\$11,783	\$3,659	\$15,442
2015	12,304	3,138	15,442
2016	12,706	2,565	15,271
2017	13,416	2,025	15,441
2018	14,010	1,432	15,442
2019-2020	22,324	1,006	23,330
	<u>\$86,543</u>	<u>\$13,825</u>	<u>\$100,368</u>

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

Principal and interest requirements to retire the general obligation bonds outstanding at December 31, 2013, are as follows:

Year Ended December 31,	Principal	Interest	Total
2014	\$19,115	\$1,913	\$21,028
2015	19,397	1,296	20,693
2016	19,075	976	20,051
	<u>\$57,587</u>	<u>\$4,185</u>	<u>\$61,772</u>

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 2013. 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. These bonds were retired in 2013 from the Water Enterprise Fund.

City of Logan, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

The 2013 OWDA Sanitary Sewer Evaluation Loan, authorized in the amount of \$300,000, is being used to finance a sanitation sewer study. 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 sewer customer revenues to repay the OWDA loans. The loans are payable solely from net revenues. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. The total principal and interest remaining to be paid on the loans are unknown at this time since the Sewer Improvement Plant loan and Sanitary Sewer Evaluation loans are not fully drawn out. Principal and interest payments for the current year were \$599,400, net revenues were \$613,213, and total revenues were \$1,483,951.

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 \$11,200,130 at December 31, 2013.

Note 19 – Significant Commitments

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

General Fund	\$146,655
Capital Improvements	3,459
Nonmajor Governmental Funds	677
Water Fund	26,021
Sewer Fund	243,986
Total	<u><u>\$420,798</u></u>



Julian & Grube, Inc.

Serving Ohio Local Governments

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

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

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

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Hocking County, Ohio as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Logan's basic financial statements and have issued our report thereon dated June 24, 2014.

Internal Control Over Financial Reporting

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

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

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

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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in black ink and is positioned above the printed name of the firm.

Julian & Grube, Inc.
June 24, 2014



Dave Yost • Auditor of State

CITY OF LOGAN

HOCKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 19, 2014**