

COMPREHENSIVE ANNUAL FINANCIAL REPORT



City of Logan, Utah
Fiscal Year Ended, June 30, 2014

City of Logan, Utah
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014
With
Independent Auditors' Report

Prepared by



FINANCE DEPARTMENT

Richard P. Anderson CPA, CFE, CGFM, CPFO, Director of Finance
Rueben J. Nelson, Controller
Tyson L. Griffin, Treasurer

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October 24, 2014

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Logan:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Generally Accepted Auditing Standards by a firm of licensed Certified Public Accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Logan (City) for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert to the best of our knowledge and belief, that this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Hansen, Bradshaw, Malmrose & Erickson, a firm of licensed Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City, for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the accounting principles used and significant estimates made by management. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports can be found as listed in the table of contents.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). MD&A complements this letter of transmittal and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Logan, Utah was incorporated on January 1, 1866, and is classified as a city of the second class as defined in Title 10 of the Utah Code. The City is located in the northern part of the state. The City currently occupies a land area of 17 square miles and serves a population of approximately 50,000. The City is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City has operated under the mayor-council optional form of government since 1978, having been the first in the state to adopt this form of government. Policy-making and legislative authority are vested in the City Council consisting of five council members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and confirming appointments for department heads. The Mayor is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various divisions and departments. The City Council and Mayor are elected on a non-partisan basis. Both the City Council and Mayor serve four-year terms on a staggered basis. Elections are held every two years with three council seats open during one election and the mayor and two council seats open during the other. All council members and the mayor are elected at-large.

The City of Logan provides many services to residents including construction and maintenance of highways and streets, police, fire, library, cemetery, water and sewer, electric, sanitation, golf course, and other recreational and cultural services.

Logan is the largest city in Cache County. The valley is known for its beautiful, green summers and wonderfully cold winters. Bordered on all sides by mountains, Logan offers much to outdoor enthusiasts. Logan is just minutes from fishing, mountain biking, hiking, canoeing, and skiing. The City is also host to many cultural activities and festivals. The City owns the Eccles Theatre operated by the Cache Valley Center for the Arts. The theater was renovated in 1992, and is one of the most beautifully designed theaters of its size.

Utah State University is located on Logan's east bench. USU is the State's land-grant and space-grant institution. The University has 805 faculty members and enrolls approximately 28,000 students, including 13,000 in its continuing education sites located throughout the state.

Factors Affecting Financial Condition

The City of Logan benefits from a varied technological, manufacturing, and industrial base that adds to the relative stability of employment. Major employers within the City's boundaries include Utah State University, Icon Health and Fitness, Moore Business Communication, TTM Technologies, Schreiber's Foods, Thermo Fisher Scientific, GE Healthcare Life Sciences, Gossner Foods, Cache Valley Electric, Logan City School District, and Logan Regional Hospital.

Logan is the central city to approximately 115,000 inhabitants residing in Logan and the surrounding communities of Cache County. New local business ventures are expected to continue to be established in Logan as a result of the economic development efforts made by the City as well as the research and development activities of Utah State University. The City has taken an active role in the revitalization of the historic downtown.

Long-Term Financial Planning

The City of Logan continues to plan for the future to preserve the quality of life enjoyed by Logan residents and the service levels they have come to expect. The City continues to focus on increasing its investment in capital projects and aging infrastructure, particularly as it relates to roads and sidewalks. Management of the City of Logan believes that this will be one of the most critical funding needs for the future.

It is the policy of the City of Logan to maintain general fund reserves at or near the statutory limit of 25 percent of operating revenue (including operating transfers). The City has also established target reserves for the other funds of the City to plan for unforeseen events and emergency situations.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Logan for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and

efficiently organized Comprehensive Annual Financial Report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The timely and efficient preparation of this report could not have been accomplished without the dedicated service of the entire staff of the Finance Department. I appreciate Hansen, Bradshaw, Malmrose & Erickson, Certified Public Accountants, for the assistance and guidance they have provided to us. I also thank the members of the City Council, the Mayor, and other City personnel for their interest and support.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'R. Anderson', with a stylized flourish at the end.

Richard P. Anderson CPA, CFE, CGFM, CPFO
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

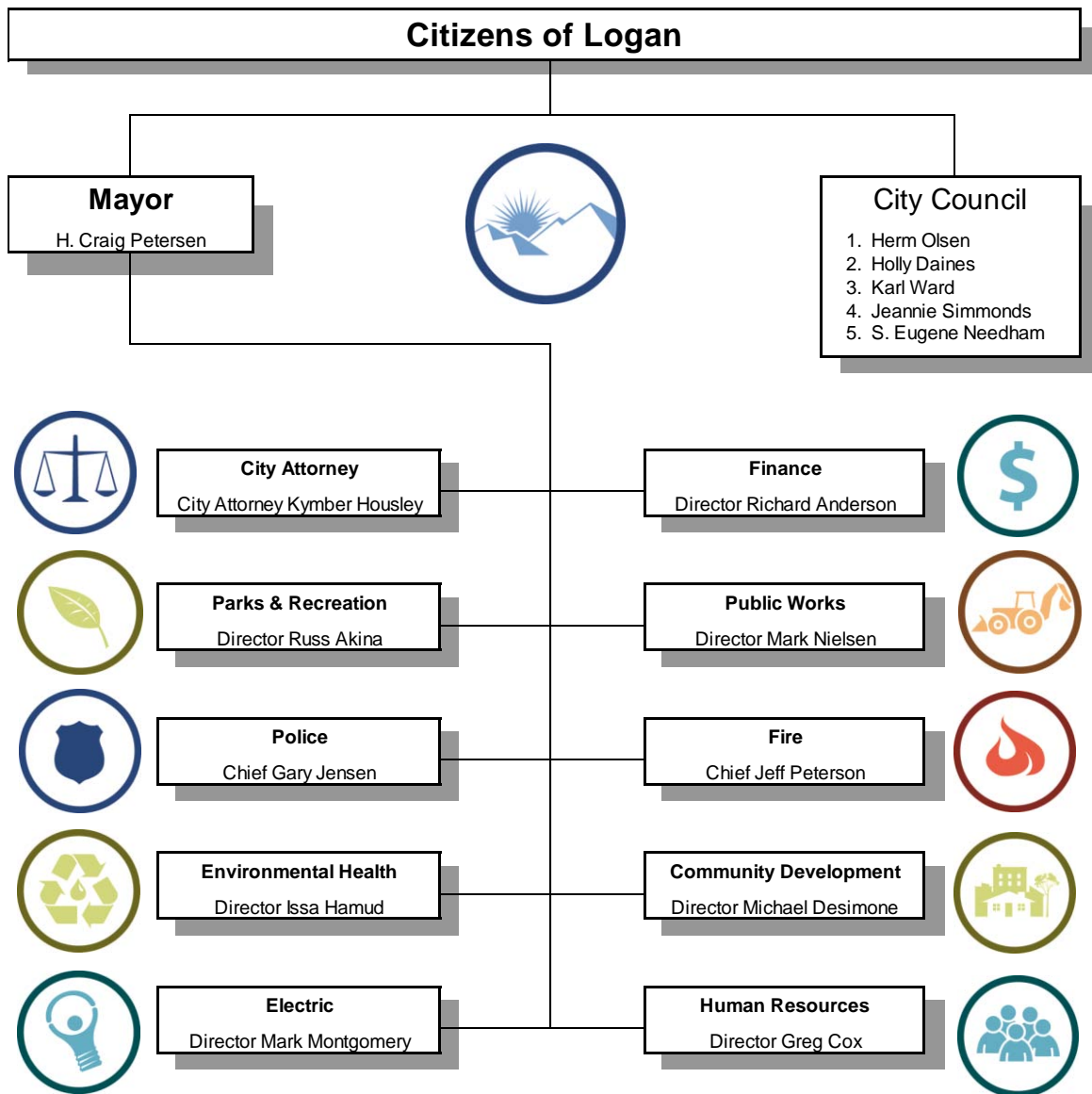
**City of Logan
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013



Executive Director/CEO



Financial Section

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Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South
Bountiful, Utah 84010
801-296-0200
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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Logan, Utah

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 City of Logan, Utah ("the City"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Utah, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

E. Lynn Hansen, CPA
Clarke R. Bradshaw, CPA
Gary E. Malmrose, CPA
Edwin L. Erickson, CPA
Michael L. Smith, CPA
Jason L. Tanner, CPA

Robert D. Wood, CPA
Aaron R. Hixson, CPA
Ted C. Gardiner, CPA
Jeffrey B. Miles, CPA

*Members of the
American Institute
of Certified Public
Accountants*

*Members of the
Private Company
Practice Section*

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 13-19 and 61-63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison information, and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison information, and schedule of expenditures of federal awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

October 20, 2014

CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Logan's management presents to the readers of its financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the additional information provided in the letter of transmittal, which can be found on page four of this report.

Financial Highlights

The assets and deferred outflows of resources of the City of Logan (City) exceeded liabilities and deferred inflows of resources at the close of the current fiscal year by \$287,800,049 (net position). Of this amount, \$81,041,922 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors.

Net position increased by \$34,679,123.

The City's governmental funds reported a combined ending fund balance of \$29,715,163, an increase of \$1,874,783 in comparison to the prior year. The general fund reported fund balance of \$10,338,449, of which \$4,447,699 is categorized as unassigned.

The City's total bonded debt decreased by \$4,532,000.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains information in addition to the basic financial statements that will help the reader gain a more in-depth understanding of the City.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's financial position, similar to consolidated financial statements in a private-sector business. These statements consist of the statement of net position and the statement of activities.

The statement of net position presents information on all of the City's assets, liabilities, and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information on how net position changed during the current fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement may result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused personal leave).

Both of the government-wide financial statements distinguish between activities that are primarily supported by taxes and intergovernmental revenues (governmental activities) and activities that are primarily financed by user charges and fees (business-type activities). The governmental activities for the City include general government, public safety, public works, parks, recreation and culture, and debt service interest and fiscal charges. Business-type activities include the water and sewer, sewer treatment, electric, environmental health, storm water management, and golf course operations.

The government-wide financial statements can be found immediately following this discussion and analysis.

CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements

A fund is a separate set of accounts used to control resources that have been segregated for a specific purpose. The City uses fund accounting to demonstrate compliance with legal and finance-related requirements.

Governmental Funds

Governmental funds are used to account for essentially the same activities reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of financial resources and the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may be able to better understand the long-term impact of near-term financing decisions. Reconciliations from the governmental fund statements to the government-wide statements are provided to aid in the comparison.

The City maintains 10 individual governmental funds. Information is presented separately on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and redevelopment agency fund, which are considered to be major funds. Information for the other governmental funds is combined into a single, aggregated column. Individual presentations for each of the nonmajor governmental funds are provided in the form of combining statements in the supplementary information section of this report as listed in the table of contents.

The City adopts annual appropriated budgets for its general and redevelopment agency funds. Budgetary comparison schedules are provided to demonstrate compliance with budgetary requirements. These schedules can be found in the required supplementary information section of this report as listed in the table of contents.

The basic governmental fund financial statements can be found as listed in the table of contents.

Proprietary Funds

The City utilizes two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, sewer treatment, electric, environmental health, storm water management, and golf course operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. Internal service funds are used to account for information technology, risk management, and health management operations. Because information technology, risk management, and health management support primarily governmental rather than business-type activities, these funds have been included within governmental activities in the government-wide financial statements.

Proprietary funds present the same type of information as the government-wide financial statements, except in greater detail. The proprietary fund financial statements provide separate information for the water and sewer, sewer treatment, electric, environmental health, storm water management, and golf course funds, which are considered to be major funds of the City. Internal service funds are presented as a single, aggregated presentation in the proprietary fund financial statements. Individual presentations for each of the internal service funds are provided in the form of combining statements in the supplementary information section of this report as listed in the table of contents.

CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

The basic proprietary fund financial statements can be found as listed in the table of contents.

Notes to the Financial Statements

The notes to the financial statements provide information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents.

City of Logan's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 41,072,092	\$ 41,987,036	\$ 74,365,248	\$ 72,275,055	\$ 115,437,340	\$ 114,262,091
Capital assets	68,766,461	65,710,439	151,070,594	128,665,858	219,837,055	194,376,297
Total assets	109,838,553	107,697,475	225,435,842	200,940,913	335,274,395	308,638,388
Total deferred outflows of resources	73,913	110,870	157,297	187,843	231,210	298,713
Current liabilities	7,104,847	6,501,026	8,779,334	9,315,712	15,884,181	15,816,738
Noncurrent liabilities	7,191,233	9,878,953	19,629,470	21,570,365	26,820,703	31,449,318
Total liabilities	14,296,080	16,379,979	28,408,804	30,886,077	42,704,884	47,266,056
Total deferred inflows of resources	5,000,672	8,550,119	-	-	5,000,672	8,550,119
Net position:						
Net investment in capital assets	59,823,124	54,075,787	133,846,087	108,908,112	193,669,211	162,983,899
Restricted	9,825,255	7,953,879	3,263,661	3,393,512	13,088,916	11,347,391
Unrestricted	20,967,335	20,848,581	60,074,587	57,941,055	81,041,922	78,789,636
Total net position	\$ 90,615,714	\$ 82,878,247	\$ 197,184,335	\$ 170,242,679	\$ 287,800,049	\$ 253,120,926

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Logan, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$287,800,049 at the close of the current fiscal year.

By far the largest portion of the City's net position is invested in capital assets (e.g., land, buildings, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens who live, work, pass through, or benefit in other ways from the City. By their nature, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt typically must be provided from other sources, since the assets themselves are not typically used to liquidate these liabilities.

An additional part of net position is assets that are subject to external restrictions on how they may be expended (e.g., debt service, capital projects, etc.). The remaining unrestricted net position can be used to meet the City's ongoing obligations to its citizens and creditors.

CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

	City of Logan's Changes in Net Position					
	Governmental		Business-type		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	\$ 6,129,228	\$ 5,762,788	\$ 70,446,487	\$ 69,946,339	\$ 76,575,715	\$ 75,709,127
Operating grants and contributions	5,592,515	4,337,900	-	567,262	5,592,515	4,905,162
Capital grants and contributions	2,169,442	202,703	6,010,481	-	8,179,923	202,703
General revenues:						
Property tax	5,398,314	8,162,000	-	-	5,398,314	8,162,000
Sales tax	11,270,803	10,912,488	-	-	11,270,803	10,912,488
Franchise tax	5,518,641	5,780,106	-	-	5,518,641	5,780,106
Grants and contributions not restricted to specific programs	385,350	605,042	-	-	385,350	605,042
Other	1,883,473	893,080	297,206	453,001	2,180,679	1,346,081
Total revenues	<u>38,347,766</u>	<u>36,656,107</u>	<u>76,754,174</u>	<u>70,966,602</u>	<u>115,101,940</u>	<u>107,622,709</u>
Expenses:						
General government	6,582,383	6,247,213	-	-	6,582,383	6,247,213
Public safety	14,244,566	13,867,644	-	-	14,244,566	13,867,644
Public works	5,971,262	6,424,605	-	-	5,971,262	6,424,605
Parks, recreation and culture	6,283,633	6,550,335	-	-	6,283,633	6,550,335
Interest and fiscal charges	278,279	720,587	-	-	278,279	720,587
Water and sewer	-	-	7,044,288	6,605,621	7,044,288	6,605,621
Sewer treatment	-	-	1,734,806	2,047,329	1,734,806	2,047,329
Electric	-	-	29,767,620	29,529,767	29,767,620	29,529,767
Environmental health	-	-	8,656,539	7,606,099	8,656,539	7,606,099
Storm water management	-	-	1,383,774	636,962	1,383,774	636,962
Golf course	-	-	1,124,726	1,058,746	1,124,726	1,058,746
Total expenses	<u>33,360,123</u>	<u>33,810,384</u>	<u>49,711,753</u>	<u>47,484,524</u>	<u>83,071,876</u>	<u>81,294,908</u>
Increase (decrease) in net position, before transfers and extraordinary item	4,987,643	2,845,723	27,042,421	23,482,078	32,030,064	26,327,801
Extraordinary item	-	-	2,649,059	-	2,649,059	-
Transfers	<u>2,749,824</u>	<u>4,689,840</u>	<u>(2,749,824)</u>	<u>(4,689,840)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>7,737,467</u>	<u>7,535,563</u>	<u>26,941,656</u>	<u>18,792,238</u>	<u>34,679,123</u>	<u>26,327,801</u>
Net position, beginning	<u>82,878,247</u>	<u>75,342,684</u>	<u>170,242,679</u>	<u>151,450,441</u>	<u>253,120,926</u>	<u>226,793,125</u>
Net position, ending	<u>\$ 90,615,714</u>	<u>\$ 82,878,247</u>	<u>\$ 197,184,335</u>	<u>\$ 170,242,679</u>	<u>\$ 287,800,049</u>	<u>\$ 253,120,926</u>

Governmental Activities

Governmental activities net position increased by \$7,737,467 for the current fiscal year. Key elements of this increase are as follows:

- Through a conservative approach to revenue and expense budgeting, the City increased restricted net position for redevelopment by approximately \$1,750,000.
- By focusing on investment in capital assets and paying down long-term debt, the City increased its investment in capital assets net of related debt by approximately \$5,750,000.
- Overall, the City managed expenses.

Business-type Activities

Business-type activities net position increased by \$26,941,656. Key elements of this increase are as follows:

- The water and sewer fund net position increased by approximately \$3,800,000. During the year, net position invested in capital assets, net of related debt, increased by approximately \$9,700,000, indicating a significant investment in water and sewer lines. Negative unrestricted net position is caused by an interfund loan used to finance the construction of capital improvements. The assets are classified as net investment in capital assets while the loan is classified as, and decreases, unrestricted net position.

CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

- The sewer treatment fund net position increased by approximately \$4,200,000. This increase is due to a planned increase in current assets that are being accumulated to address significant future capital projects involving a mechanical solution to sewer treatment.
- The electric fund net position increased by approximately \$6,100,000. The increase is due to a planned increase in assets to address future capital projects, including capital improvement of hydroelectric power facilities.
- The environmental health fund net position increased by approximately \$4,700,000. This increase is due to planned investment in capital assets as well as an extraordinary item related to the Northern Utah Regional Landfill Authority (NURLA). During the year, NURLA distributed \$2,649,059 to Logan City (see Note 20).
- The storm water management fund net position increased by approximately \$6,800,000. The City received a reimbursement grant for approximately \$5,800,000 which was used for storm water improvements.
- The golf course fund net position increased by approximately \$1,300,000. The City transferred cash from the general fund to the golf course fund to repay a \$1,444,176 interfund loan from the electric fund.

Financial Analysis of the City of Logan's Funds

As noted earlier, the City uses fund accounting to demonstrate compliance with legal or finance-related requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental fund balance is reported in five separate categories: Nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance includes amounts that cannot be spent for legal or practical reasons. Examples include long-term notes receivable and inventory. Restricted fund balance includes amounts restricted to specific purposes by external parties such as amounts restricted for debt service. Committed fund balance includes amounts that have been set aside by the City Council for a specific purpose prior to the end of the fiscal year. Assigned fund balance includes amounts that have been set aside by the City Council for a specific purpose, but subsequent to the end of the fiscal year. Unassigned fund balance includes all remaining amounts.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$29,715,163, with an increase of \$1,874,783 compared to the prior fiscal year. Of the total balance, \$2,506,673 is nonspendable, \$9,825,255 is restricted, \$12,843,304 is committed, \$92,232 is assigned, and \$4,447,699 is unassigned.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the general fund reported a fund balance of \$10,338,449, of which \$2,506,673 is nonspendable, \$3,291,845 is restricted, \$92,232 is assigned, and \$4,447,699 is unassigned.

Fund balance of the general fund increased by \$1,017,868 due to a planned increase to nonspendable fund balance.

Fund balance of the redevelopment agency fund increased by \$1,748,950 due to a planned buildup of fund balance.

CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position in the City's major proprietary funds totaled the following: (1) negative \$3,168,939 in the water and sewer fund, (2) \$22,129,258 in the sewer treatment fund, (3) \$27,863,923 in the electric fund, (4) \$9,576,560 in the environmental health fund, (5) \$2,429,008 in the storm water management fund, and (6) a negative \$61,493 in the golf course fund. The finances of these funds were discussed earlier as part of the business-type activities.

General Fund Budgetary Highlights

Differences between the general fund's original budget and the final amended budget amounted to a total increase in appropriations of \$12,353,568 or 33.8 percent. A significant part of the increase in appropriations is briefly summarized as follows:

- The City appropriated approximately \$6,000,000 for grants received from various entities.
- The City appropriated approximately \$1,850,000 for interfund transfers.
- The City appropriated \$3,000,000 for the pass through of local transit funding to the Cache Valley Transit District.
- The City appropriated \$766,000 for the retirement of debt.
- The City appropriated approximately \$400,000 for the purchase of property.

Other increases in appropriations were for miscellaneous items.

Significant differences between the final budget and actual results are as follows:

- Administrative fee revenue and associated expenditures are budgeted for in the general fund for centralized administrative services; however, revenues and expenditures are eliminated in the general fund and corresponding expenses are recorded in the specific funds.
- Reimbursement grants in the intergovernmental revenue category were not fully completed during the current fiscal year. It is anticipated that these grants will be completed during the next fiscal year. This variance affects not only intergovernmental revenue but also the respective departmental expenditures, most notably, public works.

Capital Asset and Debt Administration

The City's investment in capital assets for its governmental and business-type activities amounts to \$193,669,211 (net of related debt). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, park facilities, roads, highways, and bridges.

Major capital events during the current fiscal year include the following:

- The City completed construction of the environmental health building and transfer station. Approximately \$4,800,000 was spent on this project during the year.
- The City continued work on the Logan River and Blacksmith Fork River flood control project. Approximately \$6,600,000 was spent on this project during the year.

CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

- The City continued construction of the Smithfield lift station. Approximately \$3,500,000 was spent on this project during the year.
- The City continued construction of the 200 East street improvements. Approximately \$3,500,000 was spent on this project during the year.

City of Logan's Capital Assets						
	Governmental		Business-type		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 20,075,064	\$ 19,356,252	\$ 9,631,069	\$ 9,840,327	\$ 29,706,133	\$ 29,196,579
Work in progress	4,332,901	1,832,797	15,181,167	22,075,021	19,514,068	23,907,818
Buildings	13,675,651	14,796,022	20,352,200	7,314,531	34,027,851	22,110,553
Improvements	12,480,405	11,209,992	77,746,891	64,905,246	90,227,296	76,115,238
Equipment	3,785,532	3,679,026	28,159,267	24,530,733	31,944,799	28,209,759
Infrastructure	14,416,908	14,836,350	-	-	14,416,908	14,836,350
Total	<u>\$ 68,766,461</u>	<u>\$ 65,710,439</u>	<u>\$ 151,070,594</u>	<u>\$ 128,665,858</u>	<u>\$ 219,837,055</u>	<u>\$ 194,376,297</u>

Additional information regarding the City's capital assets can be found in the Capital Assets Note in the notes to the financial statements of this report.

At the end of the current fiscal year, the City had bonds, notes, and leases outstanding of \$26,220,982. Of this amount, \$3,435,000 comprises debt backed by the full faith and credit of the City and \$22,785,982 represents debt secured by other revenue sources (e.g., sales tax, excise tax, etc.).

City of Logan's Outstanding Debt Bonds, Notes and Leases						
	Governmental		Business-type		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 3,435,000	\$ 3,920,000	\$ -	\$ -	\$ 3,435,000	\$ 3,920,000
Revenue bonds	5,491,000	7,038,000	16,530,000	19,030,000	22,021,000	26,068,000
Notes	-	-	694,507	727,746	694,507	727,746
Leases	70,475	698,673	-	-	70,475	698,673
Total	<u>\$ 8,996,475</u>	<u>\$ 11,656,673</u>	<u>\$ 17,224,507</u>	<u>\$ 19,757,746</u>	<u>\$ 26,220,982</u>	<u>\$ 31,414,419</u>

Utilizing bond insurance, rated bonds outstanding had a rating of Aaa by Moody's Investor Service at issuance. As rated by Moody's Investor Service, the City of Logan carries an underlying general obligation bond rating of Aa2.

Additional information on the City's long-term debt can be found in the Long-Term Liabilities Note in the notes to the financial statements of this report.

Economic Factors and Next Year's Budgets and Rates

The City continues to approach budgeting for revenues conservatively with a focus on long-term sustainability.

Requests for Information

This financial report is designed to provide a general overview of the City of Logan's finances. Questions regarding any of the information contained in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 290 North 100 West, Logan, Utah 84321.

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Basic Financial Statements

City of Logan
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 24,951,221	\$ 62,392,506	\$ 87,343,727
Investments	3,133,000	2,250,000	5,383,000
Accounts receivable (net of allowance)	545,049	4,053,396	4,598,445
Property tax receivable	4,981,639	-	4,981,639
Due from other governmental units	4,913,965	2,489,461	7,403,426
Prepaid assets	345,222	730,010	1,075,232
Inventory	6,673	735,270	741,943
Internal balances	1,282,730	(1,282,730)	-
Total current assets	<u>40,159,499</u>	<u>71,367,913</u>	<u>111,527,412</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	912,593	2,997,335	3,909,928
Capital assets not being depreciated:			
Land	20,075,064	9,631,069	29,706,133
Work in progress	4,332,901	15,181,167	19,514,068
Capital assets, net of accumulated depreciation:			
Buildings	13,675,651	20,352,200	34,027,851
Improvements other than buildings	12,480,405	77,746,891	90,227,296
Equipment	3,785,532	28,159,267	31,944,799
Infrastructure	14,416,908	-	14,416,908
Total noncurrent assets	<u>69,679,054</u>	<u>154,067,929</u>	<u>223,746,983</u>
Total assets	<u>109,838,553</u>	<u>225,435,842</u>	<u>335,274,395</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	73,913	157,297	231,210
Total deferred outflows of resources	<u>73,913</u>	<u>157,297</u>	<u>231,210</u>
LIABILITIES			
Current liabilities:			
Accounts payable	3,539,606	6,542,701	10,082,307
Unearned revenue	70,437	2,864	73,301
Compensated absences	1,245,740	539,088	1,784,828
Interest payable	102,589	73,065	175,654
Leases payable	70,475	-	70,475
Notes payable	-	27,616	27,616
Bonds payable	2,076,000	1,594,000	3,670,000
Total current liabilities	<u>7,104,847</u>	<u>8,779,334</u>	<u>15,884,181</u>
Noncurrent liabilities:			
Compensated absences	294,098	234,795	528,893
Notes payable	-	666,891	666,891
Bonds payable	6,897,135	14,936,000	21,833,135
Landfill closure/post-closure costs	-	3,791,784	3,791,784
Total noncurrent liabilities	<u>7,191,233</u>	<u>19,629,470</u>	<u>26,820,703</u>
Total liabilities	<u>14,296,080</u>	<u>28,408,804</u>	<u>42,704,884</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	4,981,639	-	4,981,639
Deferred gain on refunding	19,033	-	19,033
Total deferred inflows of resources	<u>5,000,672</u>	<u>-</u>	<u>5,000,672</u>
NET POSITION			
Net investment in capital assets	59,823,124	133,846,087	193,669,211
Restricted for:			
Debt service	912,593	1,319,689	2,232,282
Capital activities	-	1,943,972	1,943,972
Streets	2,175,207	-	2,175,207
Redevelopment	6,346,457	-	6,346,457
Other	390,998	-	390,998
Unrestricted	20,967,335	60,074,587	81,041,922
Total net position	<u>\$ 90,615,714</u>	<u>\$ 197,184,335</u>	<u>\$ 287,800,049</u>

The accompanying notes are an integral part of this statement.

City of Logan
Statement of Activities
For the Year Ended June 30, 2014

Function/Programs	Program Revenues				Net Revenues (Expenses) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 6,582,383	\$ 2,051,873	\$ -	\$ -	\$ (4,530,510)	\$ -	\$ (4,530,510)
Public safety	14,244,566	3,023,976	797,173	-	(10,423,417)	-	(10,423,417)
Public works	5,971,262	90,346	3,985,920	2,169,442	274,446	-	274,446
Parks, recreation and culture	6,283,633	963,033	809,422	-	(4,511,178)	-	(4,511,178)
Debt service - Interest and fiscal charges	278,279	-	-	-	(278,279)	-	(278,279)
Total governmental activities	33,360,123	6,129,228	5,592,515	2,169,442	(19,468,938)	-	(19,468,938)
Business-type activities:							
Water and sewer	7,044,288	11,308,276	-	218,009	-	4,481,997	4,481,997
Sewer treatment	1,734,806	6,121,506	-	-	-	4,386,700	4,386,700
Electric	29,767,620	38,636,007	-	-	-	8,868,387	8,868,387
Environmental health	8,656,539	11,546,256	-	-	-	2,889,717	2,889,717
Storm water management	1,383,774	1,956,884	-	5,792,472	-	6,365,582	6,365,582
Golf course	1,124,726	877,558	-	-	-	(247,168)	(247,168)
Total business-type activities	49,711,753	70,446,487	-	6,010,481	-	26,745,215	26,745,215
Total primary government	\$ 83,071,876	\$ 76,575,715	\$ 5,592,515	\$ 8,179,923	(19,468,938)	26,745,215	7,276,277
General revenues:							
Property tax					5,398,314	-	5,398,314
Sales tax					11,270,803	-	11,270,803
Franchise tax					5,518,641	-	5,518,641
Grants and contributions not restricted to specific programs					385,350	-	385,350
Unrestricted investment earnings					178,401	297,206	475,607
Miscellaneous					1,639,738	-	1,639,738
Gain on sale of assets					65,334	-	65,334
Extraordinary item					-	2,649,059	2,649,059
Transfers					2,749,824	(2,749,824)	-
Total general revenues, transfers, and extraordinary item					27,206,405	196,441	27,402,846
Change in net position					7,737,467	26,941,656	34,679,123
Net position, beginning					82,878,247	170,242,679	253,120,926
Net position, ending					\$ 90,615,714	\$ 197,184,335	\$ 287,800,049

The accompanying notes are an integral part of this statement.

**City of Logan
Balance Sheet
Governmental Funds
June 30, 2014**

	General	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,704,434	\$ 6,356,052	\$ 13,245,480	\$ 21,305,966
Investments	3,133,000	-	-	3,133,000
Interfund receivables - pooled cash	89,000	-	-	89,000
Accounts receivable (net of allowance)	98,280	-	446,769	545,049
Property tax receivable	2,677,374	726,205	1,578,060	4,981,639
Due from other funds	2,500,000	-	-	2,500,000
Due from other governmental units	4,740,134	-	173,831	4,913,965
Inventory	6,673	-	-	6,673
Restricted assets:				
Cash and cash equivalents	912,500	93	-	912,593
Total assets	<u>15,861,395</u>	<u>7,082,350</u>	<u>15,444,140</u>	<u>38,387,885</u>
LIABILITIES				
Liabilities:				
Accounts payable	2,775,135	9,595	459,684	3,244,414
Unearned revenue	<u>70,437</u>	<u>-</u>	<u>-</u>	<u>70,437</u>
Total liabilities	<u>2,845,572</u>	<u>9,595</u>	<u>459,684</u>	<u>3,314,851</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue unavailable	-	-	376,232	376,232
Deferred property tax revenue	<u>2,677,374</u>	<u>726,205</u>	<u>1,578,060</u>	<u>4,981,639</u>
Total deferred inflows of resources	<u>2,677,374</u>	<u>726,205</u>	<u>1,954,292</u>	<u>5,357,871</u>
FUND BALANCES				
Nonspendable	2,506,673	-	-	2,506,673
Restricted	3,291,845	6,346,550	186,860	9,825,255
Committed	-	-	12,843,304	12,843,304
Assigned	92,232	-	-	92,232
Unassigned	<u>4,447,699</u>	<u>-</u>	<u>-</u>	<u>4,447,699</u>
Total fund balances	<u>10,338,449</u>	<u>6,346,550</u>	<u>13,030,164</u>	<u>29,715,163</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,861,395</u>	<u>\$ 7,082,350</u>	<u>\$ 15,444,140</u>	<u>\$ 38,387,885</u>

The accompanying notes are an integral part of this statement.

City of Logan
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2014

Total fund balances - governmental fund types \$ 29,715,163

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	20,075,064	
Work in progress	4,332,901	
Buildings	13,675,651	
Improvements other than buildings	12,480,405	
Equipment	3,685,259	
Infrastructure	14,416,908	
Total		68,666,188

Other assets are not available to pay for current period expenditures and, therefore, are either deferred or not applicable to funds. 431,112

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Interest payable	(102,589)	
Bonds payable - current	(2,076,000)	
Bonds payable - noncurrent	(6,897,135)	
Capital leases payable - current	(70,475)	
Compensated absences payable - current	(1,204,642)	
Compensated absences payable - noncurrent	(284,396)	
Total		(10,635,237)

Internal service funds are used by the City to charge the costs of centralized services to individual funds. The assets and liabilities of internal service funds are included in the statement of net position.

Net position	2,438,488
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Net position of governmental activities	\$ 90,615,714
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The accompanying notes are an integral part of this statement.

City of Logan
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property tax	\$ 3,075,079	\$ 593,719	\$ 1,729,516	\$ 5,398,314
Sales tax	11,270,803	-	-	11,270,803
Franchise tax	5,219,819	-	298,822	5,518,641
Licenses and permits	1,072,200	-	-	1,072,200
Intergovernmental	4,853,326	2,600,477	693,504	8,147,307
Charges for services	3,177,430	-	937,720	4,115,150
Fines	890,125	-	51,753	941,878
Investment earnings	76,995	23,123	61,024	161,142
Miscellaneous	1,474,026	18,694	191,163	1,683,883
Total revenues	<u>31,109,803</u>	<u>3,236,013</u>	<u>3,963,502</u>	<u>38,309,318</u>
EXPENDITURES				
Current:				
General government	6,095,521	-	-	6,095,521
Public safety	11,691,320	-	1,644,334	13,335,654
Public works	4,104,795	1,084,775	2,618	5,192,188
Parks, recreation and culture	3,510,420	-	2,094,230	5,604,650
Debt service:				
Principal	2,595,198	365,000	-	2,960,198
Interest	292,050	18,071	-	310,121
Capital outlay:				
General government	14,002	-	62,909	76,911
Public safety	53,032	-	262,491	315,523
Public works	2,885,848	19,217	1,474,620	4,379,685
Parks, recreation and culture	740,436	-	513,423	1,253,859
Total expenditures	<u>31,982,622</u>	<u>1,487,063</u>	<u>6,054,625</u>	<u>39,524,310</u>
Revenues over (under) expenditures	<u>(872,819)</u>	<u>1,748,950</u>	<u>(2,091,123)</u>	<u>(1,214,992)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,096,567	-	1,573,998	6,670,565
Transfers out	(3,545,831)	-	(374,910)	(3,920,741)
Debt issuance	300,000	-	-	300,000
Disposal of capital assets	39,951	-	-	39,951
Total other financing sources (uses)	<u>1,890,687</u>	<u>-</u>	<u>1,199,088</u>	<u>3,089,775</u>
Net change in fund balances	1,017,868	1,748,950	(892,035)	1,874,783
Fund balances, beginning	9,320,581	4,597,600	13,922,199	27,840,380
Fund balances, ending	<u>\$ 10,338,449</u>	<u>\$ 6,346,550</u>	<u>\$ 13,030,164</u>	<u>\$ 29,715,163</u>

The accompanying notes are an integral part of this statement.

City of Logan
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

Net changes in fund balances - total governmental funds \$ 1,874,783

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 estimated useful lives and reported as depreciation expense.

Capital outlay	6,025,978	
Depreciation expense	(2,994,862)	
Total		3,031,116

The net effect of various miscellaneous transactions involving capital assets (e.g., sales, trade-ins, and donations) is to increase (decrease) net position.

Disposal of assets	17,358	
Total		17,358

Governmental funds report revenues not collected within 60 days as deferred revenues until subsequently collected. These transactions are recorded as revenues when earned in the statement of activities.

(44,145)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Issuance of long-term debt, net	(300,000)	
Retirement of long-term debt	2,960,198	
Total		2,660,198

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

Change in compensated absences	(7,876)	
Interest expense	31,842	
Total		23,966

Internal service funds are used by management to charge the cost of centralized services to individual funds. The net expense of the internal service funds is reported with governmental activities.

174,191

Change in net position of governmental activities	\$ 7,737,467
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The accompanying notes are an integral part of this statement.

City of Logan
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Water and Sewer	Sewer Treatment	Electric	Environmental Health	Storm Water Management	Golf Course	Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 1,912,631	\$ 21,738,087	\$ 24,339,009	\$ 13,937,853	\$ 463,615	\$ 1,311	\$ 62,392,506
Investments	-	-	2,250,000	-	-	-	2,250,000
Accounts receivable (net of allowance)	756,073	396,511	1,981,081	804,484	94,707	20,540	4,053,396
Due from other funds	-	-	2,500,000	-	-	-	2,500,000
Due from other governmental units	-	-	-	-	2,489,461	-	2,489,461
Prepaid assets	-	-	730,010	-	-	-	730,010
Inventory	62,840	-	543,600	-	23,426	105,404	735,270
Total current assets	<u>2,731,544</u>	<u>22,134,598</u>	<u>32,343,700</u>	<u>14,742,337</u>	<u>3,071,209</u>	<u>127,255</u>	<u>75,150,643</u>
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	1,321,367	-	-	1,675,962	6	-	2,997,335
Capital assets not being depreciated:							
Land	352,607	2,481,227	1,193,118	2,523,760	1,699,639	1,380,718	9,631,069
Work in progress	5,128,137	-	1,129,721	169,644	8,753,665	-	15,181,167
Capital assets, net of accumulated depreciation:							
Buildings	2,286,741	112,483	888,266	15,398,070	-	1,666,640	20,352,200
Improvements other than buildings	49,426,246	10,280,588	4,797,285	2,011,901	9,401,091	1,829,780	77,746,891
Equipment	4,040,424	47,366	20,379,795	3,648,812	9,024	33,846	28,159,267
Total noncurrent assets	<u>62,555,522</u>	<u>12,921,664</u>	<u>28,388,185</u>	<u>25,428,149</u>	<u>19,863,425</u>	<u>4,910,984</u>	<u>154,067,929</u>
Total assets	<u>65,287,066</u>	<u>35,056,262</u>	<u>60,731,885</u>	<u>40,170,486</u>	<u>22,934,634</u>	<u>5,038,239</u>	<u>229,218,572</u>
Deferred outflows of resources:							
Deferred loss on refunding	48,134	109,163	-	-	-	-	157,297
Total deferred outflows of resources	<u>48,134</u>	<u>109,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,297</u>
LIABILITIES							
Current liabilities:							
Interfund payables - pooled cash	-	-	-	-	-	89,000	89,000
Accounts payable	504,305	96,315	4,188,997	1,096,029	598,502	58,553	6,542,701
Due to other funds	5,000,000	-	-	-	-	-	5,000,000
Unearned revenue	-	-	-	-	-	2,864	2,864
Compensated absences	100,560	8,186	202,558	193,630	7,453	26,701	539,088
Interest payable	60,531	6,437	-	-	6,097	-	73,065
Notes payable	-	-	-	-	27,616	-	27,616
Bonds payable	1,239,000	20,000	-	-	335,000	-	1,594,000
Total current liabilities	<u>6,904,396</u>	<u>130,938</u>	<u>4,391,555</u>	<u>1,289,659</u>	<u>974,668</u>	<u>177,118</u>	<u>13,868,334</u>
Noncurrent liabilities:							
Compensated absences	43,798	3,565	88,222	84,334	3,246	11,630	234,795
Notes payable	-	-	-	-	666,891	-	666,891
Bonds payable	10,541,000	3,355,000	-	-	1,040,000	-	14,936,000
Landfill closure/post-closure costs	-	-	-	3,791,784	-	-	3,791,784
Total noncurrent liabilities	<u>10,584,798</u>	<u>3,358,565</u>	<u>88,222</u>	<u>3,876,118</u>	<u>1,710,137</u>	<u>11,630</u>	<u>19,629,470</u>
Total liabilities	<u>17,489,194</u>	<u>3,489,503</u>	<u>4,479,777</u>	<u>5,165,777</u>	<u>2,684,805</u>	<u>188,748</u>	<u>33,497,804</u>
NET POSITION							
Net investment in capital assets	49,454,155	9,546,664	28,388,185	23,752,187	17,793,912	4,910,984	133,846,087
Restricted for:							
Debt service	1,319,683	-	-	-	6	-	1,319,689
Capital activities	241,107	-	-	1,675,962	26,903	-	1,943,972
Unrestricted	(3,168,939)	22,129,258	27,863,923	9,576,560	2,429,008	(61,493)	58,768,317
Total net position	<u>\$ 47,846,006</u>	<u>\$ 31,675,922</u>	<u>\$ 56,252,108</u>	<u>\$ 35,004,709</u>	<u>\$ 20,249,829</u>	<u>\$ 4,849,491</u>	<u>\$ 195,878,065</u>

The accompanying notes are an integral part of this statement.

City of Logan
Reconciliation of the Statement of Net Position - Proprietary
Funds to the Statement of Net Position
June 30, 2014

Total net position for proprietary funds	\$ 195,878,065
Internal service fund allocation for prior year	1,167,521
Internal service fund allocation for current year	138,749
Total business-type net position	<u>\$ 197,184,335</u>

The accompanying notes are an integral part of this statement.

City of Logan
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Water and Sewer	Sewer Treatment	Electric	Environmental Health	Storm Water Management	Golf Course	Internal Service Funds
Operating revenues:							
Charges for services	\$ 10,721,850	\$ 6,115,427	\$ 36,113,915	\$ 11,151,458	\$ 1,869,053	\$ 866,274	\$ 66,837,977
Connection fees	175,410	-	576,828	-	-	-	752,238
Miscellaneous	403,890	6,069	1,945,264	386,381	87,745	11,284	2,840,633
Total operating revenues	11,301,150	6,121,496	38,636,007	11,537,839	1,956,798	877,558	70,430,848
Operating expenses:							
Salaries and wages	1,786,923	155,202	2,856,587	3,509,061	80,160	495,557	8,883,490
Administrative fees	1,263,977	234,754	1,116,022	1,065,427	408,488	27,669	4,116,337
Operating and maintenance	1,767,821	870,469	24,136,892	2,584,079	476,260	432,326	30,267,847
Landfill closure/post-closure costs	-	-	-	181,157	-	-	181,157
Depreciation and amortization	1,823,855	310,342	1,714,690	1,337,621	197,876	173,577	5,557,961
Total operating expenses	6,642,576	1,570,767	29,824,191	8,677,345	1,162,784	1,129,129	49,006,792
Operating income (loss)	4,658,574	4,550,729	8,811,816	2,860,494	794,014	(251,571)	21,424,056
Nonoperating revenues (expenses):							
Investment earnings	9,836	99,592	127,023	73,690	3,441	(737)	312,845
Gain (loss) on disposal of assets	(21,388)	-	20,230	(31,837)	(199,258)	-	(232,253)
Interest expense	(422,427)	(165,841)	-	-	(23,189)	-	(611,457)
Total nonoperating revenue (expense)	(433,979)	(66,249)	147,253	41,853	(219,006)	(737)	(530,865)
Income (loss) before contributions, transfers, and extraordinary item	4,224,595	4,484,480	8,959,069	2,902,347	575,008	(252,308)	20,893,191
Capital contributions	218,009	-	-	-	5,792,472	-	6,010,481
Transfers in	36,000	-	-	-	384,988	1,586,845	2,007,833
Transfers out	(691,840)	(314,161)	(2,896,973)	(854,683)	-	-	(4,757,657)
Extraordinary item	-	-	-	2,649,059	-	-	2,649,059
Change in net position	3,786,764	4,170,319	6,062,096	4,696,723	6,752,468	1,334,537	26,802,907
Total net position, beginning	44,059,242	27,505,603	50,190,012	30,307,986	13,497,361	3,514,954	169,075,158
Total net position, ending	\$ 47,846,006	\$ 31,675,922	\$ 56,252,108	\$ 35,004,709	\$ 20,249,829	\$ 4,849,491	\$ 195,878,065

The accompanying notes are an integral part of this statement.

City of Logan
Reconciliation of the Statement of Revenues, Expenses, and Changes
in Net Position - Proprietary Funds to the Statement of Activities
For the Year Ended June 30, 2014

Total changes in net position of proprietary funds	\$ 26,802,907
Internal service fund allocation for current year	138,749
Total changes in business-type net position	<u><u>\$ 26,941,656</u></u>

The accompanying notes are an integral part of this statement.

City of Logan
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds							Governmental Activities
	Water and Sewer	Sewer Treatment	Electric	Environmental Health	Storm Water Management	Golf Course	Total	Internal Service Funds
Cash Flows From Operating Activities								
Receipts from customers and users	\$ 11,372,179	\$ 6,132,804	\$ 39,369,776	\$ 11,559,895	\$ 1,992,181	\$ 866,219	\$ 71,293,054	\$ 5,846,704
Payments for employee services	(1,791,017)	(155,066)	(2,849,322)	(3,476,773)	(81,139)	(488,161)	(8,841,478)	(762,900)
Payments for supplies	(3,676,051)	(857,195)	(22,649,604)	(2,620,871)	(174,541)	(423,051)	(30,401,313)	(5,368,563)
Payments for interfund services	(1,263,977)	(234,754)	(1,116,022)	(1,065,427)	(408,488)	(27,669)	(4,116,337)	-
Net cash provided (used) by operating activities	<u>4,641,134</u>	<u>4,885,789</u>	<u>12,754,828</u>	<u>4,396,824</u>	<u>1,328,013</u>	<u>(72,662)</u>	<u>27,933,926</u>	<u>(284,759)</u>
Cash Flows From Noncapital Financing Activities								
Transfers from other funds	36,000	-	-	-	384,988	1,586,845	2,007,833	-
Transfers to other funds	(691,840)	(314,161)	(2,896,973)	(854,683)	-	-	(4,757,657)	-
Proceeds from grants and contributions	-	-	-	9,550	-	-	9,550	-
Extraordinary item	-	-	-	2,649,059	-	-	2,649,059	-
Net cash provided (used) by noncapital and related financing activities	<u>(655,840)</u>	<u>(314,161)</u>	<u>(2,896,973)</u>	<u>1,803,926</u>	<u>384,988</u>	<u>1,586,845</u>	<u>(91,215)</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities								
Proceeds from capital grants	218,009	-	-	-	3,575,907	-	3,793,916	-
Proceeds from sale of capital assets	18,935	-	57,550	-	10,000	-	86,485	27,700
Purchases of capital assets	(10,345,011)	-	(2,150,630)	(7,673,922)	(8,078,948)	(32,926)	(28,281,437)	(64,493)
Cash received from other funds	5,000,000	-	1,568,209	-	-	89,000	6,657,209	-
Cash paid to other funds	-	-	(2,500,000)	-	-	(1,568,209)	(4,068,209)	-
Principal paid on debt	(1,214,000)	(965,000)	-	-	(354,239)	-	(2,533,239)	-
Interest and fees paid on capital debt	(414,847)	(149,962)	-	-	(24,265)	-	(589,074)	-
Net cash provided (used) by capital and related financing activities	<u>(6,736,914)</u>	<u>(1,114,962)</u>	<u>(3,024,871)</u>	<u>(7,673,922)</u>	<u>(4,871,545)</u>	<u>(1,512,135)</u>	<u>(24,934,349)</u>	<u>(36,793)</u>
Cash Flows From Investing Activities								
Sale (purchase) of investments	1,000,720	-	4,272,761	-	-	-	5,273,481	-
Interest and dividends received	12,212	99,593	142,760	73,690	3,440	(737)	330,958	17,259
Net cash provided (used) by investing activities	<u>1,012,932</u>	<u>99,593</u>	<u>4,415,521</u>	<u>73,690</u>	<u>3,440</u>	<u>(737)</u>	<u>5,604,439</u>	<u>17,259</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,738,688)</u>	<u>3,556,259</u>	<u>11,248,505</u>	<u>(1,399,482)</u>	<u>(3,155,104)</u>	<u>1,311</u>	<u>8,512,801</u>	<u>(304,293)</u>
Cash and cash equivalents - beginning	<u>4,972,686</u>	<u>18,181,828</u>	<u>13,090,504</u>	<u>17,013,297</u>	<u>3,618,725</u>	<u>-</u>	<u>56,877,040</u>	<u>3,949,548</u>
Cash and cash equivalents - ending	<u>3,233,998</u>	<u>21,738,087</u>	<u>24,339,009</u>	<u>15,613,815</u>	<u>463,621</u>	<u>1,311</u>	<u>65,389,841</u>	<u>3,645,255</u>
Shown in the financial statements as:								
Cash and cash equivalents	1,912,631	21,738,087	24,339,009	13,937,853	463,615	1,311	62,392,506	3,645,255
Restricted cash and cash equivalents	1,321,367	-	-	1,675,962	6	-	2,997,335	-
Total	<u>3,233,998</u>	<u>21,738,087</u>	<u>24,339,009</u>	<u>15,613,815</u>	<u>463,621</u>	<u>1,311</u>	<u>65,389,841</u>	<u>3,645,255</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:								
Operating income (loss)	4,658,574	4,550,729	8,811,816	2,860,494	794,014	(251,571)	21,424,056	287,656
Adjustments to reconcile operating income to net cash provided (used) by operating activities:								
Depreciation and amortization expenses	1,823,855	310,342	1,714,690	1,337,621	197,876	173,577	5,557,961	37,271
(Increase) decrease in receivables	71,029	11,308	733,769	22,056	35,383	(11,339)	862,206	-
(Increase) decrease in inventory and prepaids	(21,574)	-	60,960	-	(1,712)	(12,100)	25,574	(240,466)
Increase (decrease) in accounts payable	(1,890,750)	13,410	1,433,593	(4,504)	302,452	28,771	(117,028)	(369,220)
Landfill closure costs	-	-	-	181,157	-	-	181,157	-
Total adjustments	<u>(17,440)</u>	<u>335,060</u>	<u>3,943,012</u>	<u>1,536,330</u>	<u>533,999</u>	<u>178,909</u>	<u>6,509,870</u>	<u>(572,415)</u>
Net cash provided (used) by operating activities	<u>\$ 4,641,134</u>	<u>\$ 4,885,789</u>	<u>\$ 12,754,828</u>	<u>\$ 4,396,824</u>	<u>\$ 1,328,013</u>	<u>\$ (72,662)</u>	<u>\$ 27,933,926</u>	<u>\$ (284,759)</u>

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The City of Logan, Utah (the City) is a municipal corporation governed by an elected mayor and a five-member council. The accompanying financial statements present the primary government and its component units. Blended component units, although legally separate entities, are part of the City's operations.

Blended Component Units

The City established a Redevelopment Agency (RDA) pursuant to state code and designated the City Council and the Mayor as the Redevelopment Agency Board. The City issued sales tax revenue bonds that are being paid by the Logan River project area. Management of the City is responsible for day-to-day operations. The City has adopted redevelopment plans for the Logan Downtown, Logan River, Logan South Main, Logan Northwest, Logan North Main, Logan North Retail redevelopment project areas, and the Logan 600 West economic development project area. The financial statements of the Redevelopment Agency are included as part of the Comprehensive Annual Financial Report of the City (by blended presentation) and are included as a major governmental fund.

The City established the Logan City Housing Authority pursuant to state code. The Mayor subsequently appointed members of the City Council as the Board of Commissioners. Management of the City is responsible for day-to-day operations. Originally, the Housing Authority was established to receive and administer federal and City funds for low cost income rental subsidization. During fiscal year 2006, all remaining assets and liabilities of the Housing Authority were transferred to the general fund, and the Authority was placed into dormancy.

The City established a Municipal Building Authority pursuant to state code. The Governing Board of the Building Authority is comprised of the Mayor and members of the City Council. Management of the City is responsible for day-to-day operations. The purpose of the Authority is to serve the City as a financing agency for debt financed projects. During fiscal year 2004, all remaining assets and liabilities of the Authority were transferred to the general fund, and the Authority was placed into dormancy.

Interlocal Agreements

The City has entered into interlocal agreements with Cache County, Logan City School District, and various other entities to provide services or operate facilities. The following is a description of the significant agreements:

Logan-Cache Airport Authority

The Logan-Cache Airport Authority was organized as a separate legal entity to provide airport services to the entire Cache County area. The airport is jointly funded by the City of Logan and Cache County. The Authority is governed by a board composed of seven members; the Logan Mayor (or designee), the Cache County Executive (or designee), two members appointed by the City of Logan, two members appointed by Cache County, and one member elected at-large by the previously mentioned six members. The City participates by contributing a fixed sum of money according to the agreement, as does the County. The Authority is included as a component unit of Cache County.

Cache County Emergency Medical Services Authority (CCEMS)

CCEMS was organized as a separate legal entity to provide emergency medical services to the residents of Cache County. CCEMS began operations on January 1, 2005. The responsibility for financial management of CCEMS is retained by the governing board composed of three members from Cache County, three members from the City of Logan, and one member elected at-large from one of the other affected municipalities. The Authority is included as a component unit of Cache County. The City is expressly not obligated for CCEMS debt. The City is a service provider to CCEMS. Through the agreement with CCEMS, the City is compensated a set fee for emergency medical services provided to City and County residents.

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

North Park Interlocal Cooperative (NPIC)

NPIC was organized as a separate legal entity to facilitate the construction of a recreational ice arena. The cooperative members are Cache County, Hyde Park City, the City of North Logan, and the City of Logan. Cache County appoints three board members and each city appoints two board members. The City has no financial responsibility for NPIC.

Logan Community Recreation Center Joint Use and Operations Agreement

The City of Logan and Logan City School District have agreed to share in the maintenance of the Recreation Center. The City provides for the operating expenses and is entitled to the operating revenue. The City and the School District share equally in the maintenance of the building, and as a result, the district is able to use the facility for educational purposes. The recreation center maintenance fund is a nonmajor governmental fund of the City of Logan.

Communication Center 911 Fund

The City of Logan Communication Center functions as the 911 emergency dispatch center for all public safety agencies in Cache County. Municipalities within Cache County have adopted resolutions authorizing the City of Logan to collect 911 fees generated within their respective jurisdictions and to provide emergency dispatch services. The communication center fund is a nonmajor governmental fund of the City of Logan.

Utah Associated Municipal Power Systems (UAMPS)

UAMPS was established in 1980 under the Utah Interlocal Cooperation Act, and is a political subdivision of the State of Utah. UAMPS' purposes include the planning, financing, development, acquisition, construction, operation and maintenance of various projects for the generation, supply, transmission, and management of electric energy for the benefit of its members. Members are located in various states in the Western United States. UAMPS is a stand-alone entity that issues its own financial statements. For a copy of their financial statements contact UAMPS at 155 North 400 West, Salt Lake City, Utah 84103, or call 801-561-2687, or visit their website at www.uamps.com.

Related Organization

In 2006 the Logan Transit District (a special revenue fund of the City) was annexed into the Cache Valley Transit District (CVTD). CVTD is a separate legal entity that issues its own financial statements. The City of Logan appoints a voting majority of the board members of CVTD; however, the City is not financially accountable for, nor does it have access to, CVTD resources such that CVTD should be included as a component unit of the City. CVTD was formed by participating municipalities adopting a transportation sales tax, in the case of the City of Logan of 0.30 percent, which is collected by the State of Utah and sent directly to CVTD. Sales tax sent directly to CVTD is recorded as sales tax revenue by the City and as a subsequent non-departmental expenditure of the general fund.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for services.

The statement of activities is presented to show the extent program revenues of a given activity support direct expenses. Direct expenses are those that are clearly identifiable with a specific activity or program. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given activity or program, and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular activity or program. Taxes and other items not properly included among program revenues are reported as general revenues.

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property tax, sales tax, franchise tax, intergovernmental revenue, and investment earnings are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available when cash is received.

Major Governmental Funds

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Redevelopment Agency accounts for the activities of the Logan Downtown, Logan River, Logan South Main, Logan Northwest, Logan North Main, Logan North Retail redevelopment project areas, and the Logan 600 West economic development area.

Major Proprietary Funds

The water and sewer fund accounts for the activities associated with the water distribution system and the sewage pumping stations and collection systems for the regional area.

The sewer treatment fund accounts for the activities associated with operating a sewer lagoon and wetland system for the regional area.

The electric fund accounts for electricity generation and distribution operations.

The environmental health fund accounts for the activities associated with refuse collection for all of Cache County. The environmental health fund also manages and operates a landfill.

The storm water management fund accounts for the collection and management of storm water runoff.

The golf course fund accounts for the operation of the Logan River Golf Course.

The City utilizes three internal service funds. The information technology fund accounts for the cost of providing technology services. The risk management fund accounts for insurance and risk mitigation costs. The health management fund accounts

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

for the costs associated with providing health and wellness benefits for City employees. Internal service funds are presented as a single, aggregated presentation in the proprietary fund financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for the City's water and sewer, sewer treatment, electric, and environmental health services to the various other departments of the City. Elimination of these charges would distort the direct costs and program revenues reported for various functions concerned.

Amounts reported as program revenues include (1) charges to customers for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and the internal service funds include salaries and wages, administrative fees, operating and maintenance, landfill closure and post-closure costs, and depreciation and amortization. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted net position are available for use, it is the City's policy to use restricted net position first, then unrestricted as needed.

Fund Balance

Governmental fund balance is reported in five separate categories: Nonspendable, restricted, committed, assigned, and unassigned. When both restricted and unrestricted fund balance is available for use, it is the City's policy to use restricted fund balance first. When expenditures qualify for more than one unrestricted fund balance classification, it is the City's policy to use resources in the following order: Committed, assigned, and then unassigned.

Fund balance is committed by the City Council by passage of a budget resolution presented by the Mayor prior to the end of the fiscal year. Rescinding or changing committed fund balance would similarly require a subsequent budget resolution. Fund balance is assigned by the City Council by passage of a budget resolution presented by the Mayor subsequent to the end of the fiscal year.

This policy was established and may be changed by the City Council by passage of a resolution.

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the City, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is approximately the same as the fair value of the pool shares.

The City Treasurer invests all temporarily idle cash. The City invests in interest earning investments that are approved under the Utah Money Management Act.

Most bond funds are not under the control of the City. These amounts are invested by the bond trustee in accordance with the terms of the bond resolutions, which designate the types of investments in which idle funds may be placed.

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Interest earnings on the general investment account under the control of the City are distributed to various funds based on their respective monthly balances.

Receivables and Payables

Activities between funds that are representative of lending and borrowing arrangements outstanding at the end of the fiscal year are referred to as due to or from other funds. All other outstanding balances between funds are reported as interfund receivables or payables for pooled cash, and represent residual balances outstanding between the governmental activities and business-type activities for pooled cash activities. All interfund loans are considered current. Interfund loans are allocated interest based on the amount outstanding at year end.

Receivables are shown net of an allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on professional judgment and historical information.

Property Taxes

All taxable property is required to be assessed and taxed at a uniform and equal rate based on its fair market value. The State Tax Commission is required to assess certain types of property including public utilities and mining property. The County Assessor is required to assess all other taxable property. The property tax lien date is January 1. The County is required to complete the tax rolls by May 15. Property taxes are levied through the passage of a resolution by the City Council in June of each year. By July 21, the County is to mail assessed value and tax notices to property owners. After the time of petition, tax notices are mailed to property owners with a due date and collection date of November 30.

Motor vehicle tax is a fee in lieu of tax and is distributed based on property tax rates. Motor vehicle tax is reported as part of property tax revenue.

Inventory

Inventory held by the enterprise funds and the general fund is valued using the first in, first out method. Inventory held in the other funds is insignificant and expensed.

Prepaid Assets

Prepaid assets are generally accounted for using the consumption method.

Restricted Assets

Certain resources of the City are classified as restricted assets on the balance sheet. These funds are maintained in separate accounts and their use is limited by applicable bond covenants or agreements.

Capital Assets

Capital assets, which include buildings, improvements, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000, or improvements with a total cost of more than \$10,000, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value as of the date of donation. The cost of normal maintenance and repair that does not add to the value of the asset or significantly extend the asset life is expensed.

In enterprise funds, interest incurred during the construction phase of a capital asset is included as part of the capitalized value of the asset constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Capital Asset Category	Useful Life
Buildings	20 to 30 years
Improvements	3 to 50 years
Equipment	3 to 40 years
Infrastructure	20 to 50 years

Compensated Absences

It is the City's policy to permit employees to accrue personal, comp time, and short-term disability leave. There is no liability for accrued short-term disability leave as the City does not payout unused balances at separation. All personal and comp time leave is accrued when earned in the government-wide and proprietary fund financial statements. The current portion of the liability for compensated absences is estimated using three-year historical trend information.

Deferred Inflows and Outflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and is therefore deferred until that time. A deferred gain on refunding results from the difference in the carrying value of the refunded debt and the reacquisition price.

Governmental funds report revenue that is unavailable as deferred inflows of resources. Governmental funds report unavailable revenue from property taxes and from special assessments. These amounts are deferred and recognized as revenue in the period that the amounts become available.

Deferred outflows of resources represent a consumption of net position that applies to a future period, and is therefore deferred until that time. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and the reacquisition price.

Long-Term Obligations

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premiums or discounts. Bond issuance costs are reported as an expense of the current period. Refunding of debt may result in deferred gains or losses and are reported as deferred inflows and outflows of resources. The difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense using the straight-line method.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Use of Estimates

The preparation of the financial statements in accordance with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of certain financial statement balances. Actual results could vary from the estimates used.

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Note 2 – Compliance and Accountability

Excess of Expenditures or Expenses Over Appropriations

Title 10 of the Utah Code Annotated, requires that for governmental funds "City Officers shall not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or as subsequently amended." No departments exceeded budgets as of June 30, 2014.

Note 3 – Deposits and Investments

The State of Utah Money Management Council is responsible for advising the State Treasurer concerning investment policies, measures and rules that assist in strengthening the banking and credit structure of the State, and rules adopted by the State of Utah Money Management Act that relate to the deposit and investment of public funds. The City of Logan follows the requirements of the Utah Money Management Act in handling its depository and investment transactions.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's policy for managing custodial credit risk is to adhere to the Utah Money Management Act. The Act requires the depositing of funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2014, \$3,645,168 of the City's bank balance of \$4,145,168 was uninsured and uncollateralized.

Investments

The Utah Money Management Act defines the types of securities authorized as appropriate investments for the City and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

State statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares of certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the U.S. Securities and Exchange Commission as an investment company. The PTIF is authorized and regulated by the Utah Money Management Act. The Act established the Utah Money Management Council, which oversees the activities of the State Treasurer and the PTIF, and details the types of authorized investments. Deposits in the PTIF are not insured nor otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

The City has investments with bank certificates of deposit. The CDs mature within one year.

The City participates in a repurchase agreement. To maximize interest earnings, overnight balances are sold to the bank in exchange for a security. The bank then repurchases the security from the City the next day. The interest earnings on the security are greater than the interest earnings on the deposit. The investments underlying the repurchase agreement were direct obligations of, or were guaranteed by, the United States, its agencies, or instrumentalities.

At June 30, 2014, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1 to 5	6 to 10	More than 10
PTIF	\$ 85,595,601	\$ 85,595,601	\$ -	\$ -	\$ -
Bank CDs	5,383,000	5,383,000	-	-	-
Rep Agreement	2,426,042	2,426,042	-	-	-
Total	<u>\$ 93,404,643</u>	<u>\$ 93,404,643</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing exposure to fair value loss arising from increasing interest rates is to comply with the Utah Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, the Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 to 365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing exposure to credit risk is to comply with the Utah Money Management Act as previously discussed. The Act only allows for investment in securities with the lowest risk of default.

At June 30, 2014, the City had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF	\$ 85,595,601	\$ -	\$ -	\$ -	\$ 85,595,601
Bank CDs	5,383,000	-	-	-	5,383,000
Rep Agreement	2,426,042	2,426,042	-	-	-
Total	<u>\$ 93,404,643</u>	<u>\$ 2,426,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,978,601</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy for managing this risk is to comply with the rules of the Utah Money Management Council. The Utah Money

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Management Council limits investments in a single issuer of commercial paper and corporate obligations to five to ten percent depending upon the total dollar amount held in the portfolio. The size of the City's portfolio allows for no more than five percent of total cash and investments to be invested in any one issuer of commercial paper or corporate obligations. The City's investment policy also states that investments should be spread across industries and institutions to reduce concentration of credit risk.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's policy for managing custodial credit risk is to adhere to the Utah Money Management Act, which provides a list of certified investment dealers. At June 30, 2014, \$10,043,008 was held by the counterparty's trust department or agent in the City's name. These deposits are not covered by depository insurance and are not collateralized.

Note 4 – Receivables and Payables

Receivables

Allowances for doubtful accounts are as follows:

Allowances related to water and sewer receivables	\$ 17,000
Allowances related to electric receivables	25,000
Allowances related to environmental health receivables	12,000
Total	<u>\$ 54,000</u>

Revenues of the water and sewer, sewer treatment, electric, environmental health, and storm water management funds are recorded net of uncollectible amounts. The uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to communication center	\$ 2,288
Uncollectibles related to water and sewer	28,405
Uncollectibles related to sewer treatment	15,102
Uncollectibles related to electric	73,070
Uncollectibles related to environmental health	14,264
Uncollectibles related to storm water management	5,445
Total	<u>\$ 138,574</u>

Receivables not expected to be collected within one year include the following:

Other governmental fund assessments	\$ 330,525
Total	<u>\$ 330,525</u>

Payables

Within accounts payable is accrued payroll payable. As of June 30, 2014, the City had the following accrued payroll liabilities:

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Fund	Amount
General fund	\$ 443,185
Other governmental	51,778
Golf course	14,560
Water and sewer	37,531
Sewer treatment	3,729
Electric	65,976
Environmental health	82,135
Storm water management	1,887
Internal service	16,913
Total	<u>\$ 717,694</u>

Note 5 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014 is as follows:

Governmental activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 19,356,252	\$ 718,812	\$ -	\$ -	\$ 20,075,064
Construction in progress	1,832,797	3,709,741	(649)	(1,208,988)	4,332,901
Total capital assets not being depreciated	<u>21,189,049</u>	<u>4,428,553</u>	<u>(649)</u>	<u>(1,208,988)</u>	<u>24,407,965</u>
Capital assets being depreciated:					
Buildings	37,952,600	12,341	(26,946)	112,100	38,050,095
Improvements other than buildings	13,861,521	469,445	-	1,096,888	15,427,854
Equipment	15,431,195	1,109,460	(926,267)	-	15,614,388
Infrastructure	39,854,610	205,722	-	-	40,060,332
Total capital assets being depreciated	<u>107,099,926</u>	<u>1,796,968</u>	<u>(953,213)</u>	<u>1,208,988</u>	<u>109,152,669</u>
Less accumulated depreciation for:					
Buildings	(23,156,578)	(1,223,816)	5,950	-	(24,374,444)
Improvements other than buildings	(2,651,529)	(295,920)	-	-	(2,947,449)
Equipment	(11,752,169)	(887,233)	810,546	-	(11,828,856)
Infrastructure	(25,018,260)	(625,164)	-	-	(25,643,424)
Total accumulated depreciation	<u>(62,578,536)</u>	<u>(3,032,133)</u>	<u>816,496</u>	<u>-</u>	<u>(64,794,173)</u>
Total capital assets being depreciated, net	<u>44,521,390</u>	<u>(1,235,165)</u>	<u>(136,717)</u>	<u>1,208,988</u>	<u>44,358,496</u>
Governmental activities capital assets, net	<u>\$ 65,710,439</u>	<u>\$ 3,193,388</u>	<u>\$ (137,366)</u>	<u>\$ -</u>	<u>\$ 68,766,461</u>

Business-type activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 9,840,327	\$ -	\$ (209,258)	\$ -	\$ 9,631,069
Construction in progress	22,075,021	20,094,945	-	(26,988,799)	15,181,167
Total capital assets not being depreciated	<u>31,915,348</u>	<u>20,094,945</u>	<u>(209,258)</u>	<u>(26,988,799)</u>	<u>24,812,236</u>
Capital assets being depreciated:					
Buildings	14,725,233	2,524,605	(79,592)	11,392,577	28,562,823
Improvements other than buildings	93,313,356	840,167	(69,849)	14,069,347	108,153,021
Equipment	58,273,785	4,821,720	(488,141)	1,526,875	64,134,239
Total capital assets being depreciated	<u>166,312,374</u>	<u>8,186,492</u>	<u>(637,582)</u>	<u>26,988,799</u>	<u>200,850,083</u>
Less accumulated depreciation for:					
Buildings	(7,410,702)	(847,675)	47,754	-	(8,210,623)
Improvements other than buildings	(28,408,110)	(2,027,544)	29,524	-	(30,406,130)
Equipment	(33,743,052)	(2,682,742)	450,822	-	(35,974,972)
Total accumulated depreciation	<u>(69,561,864)</u>	<u>(5,557,961)</u>	<u>528,100</u>	<u>-</u>	<u>(74,591,725)</u>
Total capital assets being depreciated, net	<u>96,750,510</u>	<u>2,628,531</u>	<u>(109,482)</u>	<u>26,988,799</u>	<u>126,258,358</u>
Business-type activities capital assets, net	<u>\$ 128,665,858</u>	<u>\$ 22,723,476</u>	<u>\$ (318,740)</u>	<u>\$ -</u>	<u>\$ 151,070,594</u>

Depreciation expense is charged to functions or programs of the primary government as follows:

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NOTES TO THE FINANCIAL STATEMENTS

Governmental activities:	
General government	\$ 495,398
Public safety	966,692
Public works	824,979
Parks, recreation and culture	707,793
Capital assets held by internal service funds	37,271
Total	<u>\$ 3,032,133</u>
Business-type activities:	
Water and sewer	\$ 1,823,855
Sewer treatment	310,342
Electric	1,714,690
Environmental health	1,337,621
Storm water management	197,876
Golf course	173,577
Total	<u>\$ 5,557,961</u>

Note 6 – Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2014, is as follows:

Receivable fund	Payable fund	Amount
General Fund	Water Fund	\$ 2,500,000
Electric Fund	Water Fund	2,500,000
	Total	<u>\$ 5,000,000</u>

Due from and due to balances result from interfund loans and are recorded as current assets and liabilities in the financial statements.

Note 7 – Interfund Transfers

The City routinely budgets transfers to various funds to finance operating costs in those funds. In addition, the City routinely transfers amounts from the enterprise funds to the general fund as a return on investment for those operations.

Transfers Out	Transfers In					Total
	Governmental		Business-type			
	General Fund	Nonmajor	Water and	Storm Water	Golf Course	
		Governmental	Sewer	Management		
General fund	\$ -	\$ 1,573,998	\$ -	\$ 384,988	\$ 1,586,845	\$ 3,545,831
Nonmajor governmental	374,910	-	-	-	-	374,910
Water and sewer	691,840	-	-	-	-	691,840
Sewer treatment	314,161	-	-	-	-	314,161
Electric	2,860,973	-	36,000	-	-	2,896,973
Environmental health	854,683	-	-	-	-	854,683
Total	\$ 5,096,567	\$ 1,573,998	\$ 36,000	\$ 384,988	\$ 1,586,845	\$ 8,678,398

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Note 8 – Leases

Operating Leases

During fiscal year 2014, the City entered into an operating lease agreement for golf carts to be used in golf course operations. Rental payments expensed to the golf course during the year totaled \$3,075.

Future minimum lease payments are as follows:

Fiscal year	Business-type Activities
2015	\$ 36,900
2016	36,900
2017	36,900
2018	33,825
Total minimum lease payments	<u>\$ 144,525</u>

Capital Leases

The City entered into a lease agreement as lessee for financing the acquisition of equipment. The term of the lease was for eight years with an interest rate of 4.55 percent. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the date of inception.

Assets currently under capital lease are as follows:

Asset	Governmental Activities
Machinery and equipment	\$ 483,816
Less: accumulated depreciation	(378,989)
Total	<u>\$ 104,827</u>

The future minimum lease obligations as of June 30, 2014, are as follows:

Fiscal year	Governmental Activities
2015	\$ 73,681
Total minimum lease payments	73,681
Less: amounts representing interest	(3,206)
Present value of minimum lease payments	<u>\$ 70,475</u>

Note 9 – Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2014, is as follows:

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 3,920,000	\$ -	\$ (485,000)	\$ 3,435,000	\$ 510,000
Revenue bonds	7,038,000	-	(1,547,000)	5,491,000	1,566,000
Premium	70,705	-	(23,570)	47,135	-
Total bonds payable	11,028,705	-	(2,055,570)	8,973,135	2,076,000
Notes payable	-	300,000	(300,000)	-	-
Capital leases	698,673	-	(628,198)	70,475	70,475
Compensated absences	1,526,630	1,275,783	(1,262,575)	1,539,838	1,245,740
Governmental activity long-term liabilities	<u>\$ 13,254,008</u>	<u>\$ 1,575,783</u>	<u>\$ (4,246,343)</u>	<u>\$ 10,583,448</u>	<u>\$ 3,392,215</u>
Business-type activities:					
Revenue bonds payable	\$ 19,030,000	\$ -	\$ (2,500,000)	\$ 16,530,000	\$ 1,594,000
Notes payable	727,746	-	(33,239)	694,507	27,616
Compensated absences	731,871	577,882	(535,870)	773,883	539,088
Landfill closure/post-closure costs	3,610,627	181,157	-	3,791,784	-
Business-type activity long-term liabilities	<u>\$ 24,100,244</u>	<u>\$ 759,039</u>	<u>\$ (3,069,109)</u>	<u>\$ 21,790,174</u>	<u>\$ 2,160,704</u>

For governmental funds, compensated absences are typically liquidated through the general fund.

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

In August 2005, the City issued \$6,820,000 in General Obligation Refunding Bonds. Proceeds from the bonds were used to advance refund the 1999 General Obligation bonds. The bonds bear interest rates of 3.75 to 5.00 percent. The refunding will save the City \$250,456 of debt service expense over the life of the bonds, and will result in an economic gain of \$223,040. The refunded 1999 Parks and Recreation General Obligation Bonds were issued for the construction of parks, trails, a skate park, and an outdoor swimming pool facility, which are related to governmental activities. Refunded 1999 bonds in the amount of \$2,880,000 were outstanding as of June 30, 2014.

Annual debt service requirements to maturity for the general obligation bonds are as follows:

Fiscal Year	Governmental Activities	
	Principal	Interest
2015	\$ 510,000	\$ 130,510
2016	535,000	104,385
2017	565,000	80,416
2018	585,000	58,707
2019	610,000	36,002
2020	630,000	12,206
Total	<u>\$ 3,435,000</u>	<u>\$ 422,226</u>

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Revenue Bonds

The City issues revenue bonds to finance the purchase of major capital items and the acquisition or construction of major capital facilities.

In May 2013, the City issued \$1,855,000 in Sales Tax Revenue Refunding Bonds, Series A. The bonds bear an interest rate of 1.10 percent. The bonds were issued to refund the 2003C Sales Tax Revenue Bonds. The refunding will save the City \$132,417 of debt service expense over the life of the bonds, and will result in an economic gain of \$130,022. The 2003C Sales Tax Revenue Bonds were issued to construct the infrastructure improvements in the Logan River project area. The bonds are to be repaid from property tax increment generated in the Logan River project area of the Redevelopment Agency.

In May 2013, the City issued \$3,515,000 in Sales Tax Revenue Refunding Bonds, Series B. The bonds bear an interest rate of 0.94 percent. The bonds were issued to refund the 2004B Sales Tax Revenue Bonds. The refunding will save the City \$207,671 of debt service expense over the life of the bonds, and will result in an economic gain of \$204,517. The 2004B Sales Tax Revenue Bonds were issued to purchase land and construct the Justice Building.

In October 2012, the City issued \$1,696,000 in Storm Water Revenue Refunding Bonds. The bonds bear an interest rate of 1.45 percent. The bonds were issued to refund the 2007 Storm Water Revenue Bonds. The refunding will save the City \$103,583 of debt service expense over the life of the bonds, and will result in an economic gain of \$99,916. The 2007 Storm Water Revenue Bonds were issued to construct the Dry Canyon debris dam.

In June 2008, the City obtained approval for the issuance of \$3,000,000 in Water, Sewer and Solid Waste Revenue Bonds. The bonds are to be repaid by the water and sewer fund. The bonds were deemed federally taxable. The bonds were purchased by the State Drinking Water Board and funds were to be delivered to the City through a process of advances into a trustee account as expenses were incurred. In fiscal year 2008, \$1,500,000 of bond proceeds were advanced to the City. In fiscal year 2009, \$1,309,000 of bond proceeds were advanced to the City for a total of \$2,809,000 outstanding. The remaining balance of \$191,000 was not utilized. The bonds bear an interest rate of 1.14 percent. Proceeds of the bonds were used to repair and reconstruct the Dewitt Springs water line.

In June 2008, the City issued \$7,035,000 in Water, Sewer and Solid Waste Revenue Bonds. The bonds are to be repaid by the water and sewer fund. The bonds bear an interest rate of 4.04 percent. Proceeds of the bonds were used to repair and reconstruct the Dewitt Springs water line.

In November 2006, the City issued \$3,485,000 in Water, Sewer and Solid Waste Revenue Bonds. The bonds are to be repaid by the sewer treatment fund. The bonds bear an interest rate of 3.93 percent. The refunding will save the City \$119,914 of debt service expense over the life of the bonds, and will result in a net present value savings of \$88,294. The bonds were issued to advance refund part of the 2002 Water, Sewer and Solid Waste Revenue Bonds. Refunded 2002 bonds in the amount of \$2,870,000 were outstanding as of June 30, 2014.

In November 2006, the City issued \$2,595,000 in Water, Sewer and Solid Waste Revenue Bonds. The bonds are to be repaid by the water and sewer fund. The bonds bear an interest rate of 3.93 percent. The refunding will save the City \$60,410 of debt service expense over the life of the bonds, and will result in a net present value savings of \$85,427 due to the use of debt service reserves. The bonds were issued to advance refund part of the 1998 Water Revenue Bonds.

In August 2006, the City issued \$3,290,000 in Excise Tax Revenue Bonds. The bonds bear an interest rate of 4.26 percent. The bonds were issued for the construction of roads and related improvements.

In January 2005, the City issued \$910,000 in Water, Sewer and Solid Waste Revenue Bonds. The bonds are to be repaid by the water and sewer fund. The bonds bear an interest rate of 4.50 percent. Proceeds from the bonds were used to finance a portion of the costs of design, acquisition, and construction of a water storage tank, water mains, and other improvements.

In September 2004, the City issued \$5,000,000 in Water, Sewer and Solid Waste Revenue Bonds. The bonds are to be repaid by the water and sewer fund. The bonds were deemed federally taxable. The bonds were purchased by the State Drinking

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Water Board and funds were to be delivered to the City through a process of advances into a trustee account as expenses were incurred. The State Drinking Water Board also agreed to forgive eight percent of the incremental bond issuance or \$400,000 of debt, for a net debt of \$4,600,000. Proceeds from the bonds were used to finance a portion of the costs of design, acquisition, and construction of a water storage tank, water mains, and other improvements. The bonds bear an interest rate of 2.57 percent.

In March 2002, the City issued \$9,045,000 in Water, Sewer and Solid Waste Revenue Bonds. The bonds are to be repaid by the sewer treatment fund. The bonds bear interest rates of 3.00 to 4.80 percent. The bonds were issued for the construction of sewer treatment related improvements. The bonds were partially refunded by the 2006 Water, Sewer and Solid Waste Revenue Bonds.

Bond trust indentures of certain revenue bonds specify the City maintain net revenue to debt service coverage ratios. As of June 30, 2014, the City has met this requirement.

Revenue bonds outstanding as of June 30, 2014, are as follows:

Purpose	Interest Rates	Amount
2013A Sales Tax Refunding - RDA	1.10%	\$ 1,490,000
2013B Sales Tax Refunding	0.94%	2,645,000
2006 Excise Tax	4.26%	1,356,000
2004 State Drinking Water	2.57%	3,338,000
2005A Water & Sewer	4.50%	110,000
2006 Water & Sewer	3.93%	1,505,000
2006 Sewer Treatment	3.93%	3,375,000
2008 Water & Sewer	4.04%	4,705,000
2008 State Drinking Water	1.14%	2,122,000
2012 Storm Water Refunding	1.45%	1,375,000
Total		<u>\$ 22,021,000</u>

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 1,566,000	\$ 92,087	\$ 1,594,000	\$ 514,068
2016	1,590,000	65,657	2,096,000	464,765
2017	1,955,000	31,371	2,131,000	398,120
2018	380,000	4,180	2,154,000	330,566
2019	-	-	1,459,000	264,747
2020-2024	-	-	6,117,000	564,843
2025-2028	-	-	979,000	26,612
Total	<u>\$ 5,491,000</u>	<u>\$ 193,295</u>	<u>\$ 16,530,000</u>	<u>\$ 2,563,721</u>

Notes Payable

The City periodically obtains notes payable to finance the purchase of small capital items or to take advantage of unique financing opportunities.

In August 2013, the City incurred a note payable of \$300,000 for the purchase of property to be used as a future park. The note carried an interest rate of 3 percent. In October 2013, the note was subsequently retired.

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NOTES TO THE FINANCIAL STATEMENTS

In June 2013, the City incurred notes payable of \$727,746 for storm water and canal improvements. The notes were incurred in two issuances. The first issuance of \$352,000 bears a zero percent interest rate over 25 years. The second issuance of \$375,746 bears an interest rate of 0.10 percent over 25 years.

Notes payable outstanding as of June 30, 2014, are as follows:

Purpose	Interest Rates	Amount
Canal & Storm Water Improvements #1	0.00%	\$ 352,000
Canal & Storm Water Improvements #2	0.10%	342,507
Total		<u>\$ 694,507</u>

Notes payable debt service requirements to maturity are as follows:

Fiscal Year	Business-type Activities	
	Principal	Interest
2015	\$ 27,616	\$ 343
2016	27,630	329
2017	27,644	315
2018	27,657	302
2019	27,671	288
2020-2024	138,558	1,237
2025-2029	138,899	896
2030-2034	139,242	553
2035-2039	139,590	207
Total	<u>\$ 694,507</u>	<u>\$ 4,470</u>

Note 10 – Restricted Assets

According to bond requirements, the City often uses a trustee to make periodic bond payments. The balances held by the trustee at year end are restricted for debt service.

Note 11 – Risk Management

The City is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. Accordingly, the City insures against these risks of loss as part of a comprehensive risk management program. To protect the City from general liability exposure, the City purchases commercial excess liability insurance with a \$1,000,000 self insured retention and a \$10,000,000 limit. The City also purchases property and equipment insurance, including earthquake coverage. The City is fully insured for workers compensation through the Utah Local Governments Trust. The City accounts for risk management activities through an internal service fund.

The City has not incurred claims settlements in excess of insurance coverage for the past three years. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact science as it depends on many factors including professional judgment, changes in legal doctrines, and damage awards. Changes in the balances of claims liabilities are as follows:

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Claims Liabilities	June 30, 2014	June 30, 2013
Unpaid claims, beginning	\$ 118,100	\$ 74,575
Incurred claims & changes in estimates (including IBNR)	107,576	147,908
Claims paid	(74,676)	(104,383)
Unpaid claims, ending	<u>\$ 151,000</u>	<u>\$ 118,100</u>

Note 12 – Commitments and Contingencies

Redevelopment Projects

The City has established six redevelopment projects and one economic development project. State statutes applicable to four redevelopment projects require 20 percent of the tax increment generated within the project area to be restricted for low-income housing. The Logan 600 West economic development project and the Logan Downtown development project require 20 percent of the increment generated to be restricted for low-income housing as it is collected. The Logan North Main project and the Logan North Retail project have housing allocations that are back-loaded; that is, the increment is not required to be restricted until the last five years of the project. As of June 30, 2014, \$727,806 is restricted for low income housing.

Tax Increment Rebates

The City has entered into several incentive agreements with developers or businesses to pay tax rebate incentives for development within City limits. Rebate requirements vary by agreement and are contingent upon sufficient tax increment actually being received by the City. Tax rebate incentives outstanding as of June 30, 2014 are as follows:

Description	Gross Commitment	Current Year Rebate	Rebates-to-Date
Agreement #1	\$ 66,600	\$ -	\$ -
Agreement #2	917,287	83,387	917,287
Agreement #3	n/a	-	2,160,462
Agreement #4	687,500	68,666	684,484
Agreement #5	1,500,000	217,730	1,156,244
Agreement #6	4,800,000	223,453	976,005
Agreement #7	220,000	21,720	91,677
Agreement #8	225,000	33,862	204,412
Agreement #9	68,431	5,321	27,027
Agreement #10	210,000	9,354	41,732
Agreement #11	250,000	16,994	81,452
Agreement #12	518,061	42,178	271,709
Agreement #13	101,029	12,728	28,481
Agreement #14	98,318	6,305	271,709
Agreement #15	59,286	13,449	22,735
Total	<u>\$ 9,721,512</u>	<u>\$ 755,147</u>	<u>\$ 6,935,416</u>

Note 13 – Employee Retirement Systems and Pension Plans

The City contributes to a Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety Contributory Retirement System, Public Safety Noncontributory Retirement System, and Firefighters Retirement System, all of which are defined benefit pension plans that provide retirement benefits, annual cost

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

of living adjustments, refund, and death benefits to plan members and beneficiaries in accordance with retirement statutes. The Public Safety Contributory plan is an agent multiple-employer and the other plans are cost sharing multiple-employer pension plans administered by the Utah Retirement Systems (Systems).

The Utah State Retirement Act provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the City of Logan Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-753-7361.

Plan members in the Local Governmental Contributory Division Tier 1 are required to contribute 6.00 percent of their salary (all of which was paid by the employer for the employee) and the City is required to contribute 13.28 percent of their annual salary. For members in the Local Governmental Contributory Division Tier 2, the City is required to contribute 13.99 percent of their annual salary. For members in the Local Governmental Noncontributory Division Tier 1, the City is required to contribute 17.29 percent of their annual salary. Members in the Public Safety Contributory Division Tier 1 are required to contribute 11.13 percent of their salary (all of which was paid by the employer for the employee) and the City is required to pay 29.76 percent of their annual salary. For members in the Public Safety Contributory Division Tier 2, the City is required to contribute 28.19 percent of their annual salary. For members in the Public Safety Noncontributory Division Tier 1, the City is required to contribute 39.84 percent of their annual salary. Members in the Firefighters System Division Tier 1 are required to pay 16.71 percent of their salary (all of which was paid by the employer for the employee) and the City is required to pay 4.46 percent of their annual salary. For members in the Firefighters system Division Tier 2, the City is required to contribute 11.02 percent of their annual salary. The contribution rates are the actuarially determined rates. The contribution requirements of the system are authorized by statute and specified by the Board. All contributions were made in accordance with the plan.

The City's Agent-Multiple Public Safety Contributory systems annual pension cost of \$134,211 was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2013 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include (1) 7.5 percent investment rate of return, (2) projected salary increases of 3.50 percent, and (3) 2.5 percent cost of living adjustment. Both (1) and (2) above include an inflation component of 2.75 percent. The City's unfunded actuarial accrued liability is being amortized over a closed 21 year amortization period. Amortized payments are designed to remain level as a percent of payroll.

Local Governmental System Tier 1 and Tier 2 – Contributory

Fiscal Year	Employee Paid Contributions	Employer Paid for Employee Contributions	Employer Contributions	Salary Subject to Retirement Contributions
2014	\$ -	\$ 6,532	\$ 86,061	\$ 951,259
2013	-	6,572	71,848	794,942
2012	-	6,598	32,592	397,971

Local Governmental System Tier 1 – Noncontributory

Fiscal Year	Employee Paid Contributions	Employer Paid for Employee Contributions	Employer Contributions	Salary Subject to Retirement Contributions
2014	\$ -	\$ -	\$ 2,018,590	\$ 11,534,229
2013	-	-	1,858,301	11,641,610
2012	-	-	1,631,309	12,103,446

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Public Safety Tier 1 – Contributory

Fiscal Year	Employee Paid Contributions	Employer Paid for Employee Contributions	Employer Contributions	Salary Subject to Retirement Contributions
2014	\$ -	\$ 50,194	\$ 134,212	\$ 450,982
2013	-	49,439	124,153	444,198
2012	-	55,044	105,638	494,562

Public Safety Tier 2 – Contributory

Fiscal Year	Employee Paid Contributions	Employer Paid for Employee Contributions	Employer Contributions	Salary Subject to Retirement Contributions
2014	\$ -	\$ -	\$ 25,709	\$ 233,288
2013	-	-	11,365	102,383
2012	-	-	1,037	9,923

Public Safety Tier 1 – Noncontributory

Fiscal Year	Employee Paid Contributions	Employer Paid for Employee Contributions	Employer Contributions	Salary Subject to Retirement Contributions
2014	\$ -	\$ -	\$ 820,811	\$ 2,081,903
2013	-	-	805,090	2,198,812
2012	-	-	684,757	2,278,632

Utah Firefighters Retirement System Tier 1 and Tier 2

Fiscal Year	Employee Paid Contributions	Employer Paid for Employee Contributions	Employer Contributions	Salary Subject to Retirement Contributions
2014	\$ -	\$ 427,757	\$ 123,850	\$ 2,647,714
2013	-	416,557	58,992	2,557,182
2012	-	427,824	-	2,644,155

Public Safety – Contributory Three-Year Trend Information (Agent-Multiple Plan)

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	\$ 134,211	100%	\$ -
2013	124,153	100%	-
2012	105,638	100%	-

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Schedule of Funding Progress for Logan City Public Safety

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (B-A)	Funded Ratios (A/B)	Covered Payroll (C)	UAAL Covered Payroll ((B- A)/C)
12/31/2013	\$ 21,852,000	\$ 28,741,000	\$ 6,889,000	76%	\$ 2,584,000	267%
1/1/2013	19,911,000	27,985,000	7,473,000	71%	2,595,000	311%
1/1/2012	19,651,000	26,726,000	7,075,000	74%	2,699,000	262%

Defined Contribution Retirement Plan

The City also participates in defined contribution plans (401(k), 457, and IRAs) sponsored and administered by the Utah Retirement Systems. The plans are available as supplemental plans to the basic defined benefit plans and cover all employees eligible for the defined benefit plans. Voluntary contributions may be made into the plans subject to plan and Internal Revenue Code limitations. The City also contributes to the plans. All of the assets and income of the plans are held in trust for the exclusive benefit of the participants or their beneficiaries. Contributions to the plans were as follows:

457 Contributions

Fiscal Year	Employee Paid Contributions	Employer Paid for Employee Contributions
2014	\$ 191,911	\$ -
2013	189,687	-
2012	197,663	33,202

401(k) Contributions

Fiscal Year	Employee Paid Contributions	Employer Paid for Employee Contributions
2014	\$ 684,779	\$ 602,396
2013	666,321	535,766
2012	641,526	483,789

Traditional IRA Contributions

Fiscal Year	Employee Paid Contributions	Employer Paid for Employee Contributions
2014	\$ 1,040	\$ -
2013	720	-
2012	620	-

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Roth IRA Contributions

Fiscal Year	Employee Paid Contributions	Employer Paid for Employee Contributions
2014	\$ 11,015	\$ -
2013	12,160	-
2012	13,080	-

The City also offers a defined contribution retirement pension plan that covers the appointed City officials that are permitted by state law to withdraw from the Utah State Retirement System. Contributions to the plan are based on the same rates of contributions that were being paid to the Utah State Retirement System defined benefit plans. For fiscal year 2014, the employer contributions were \$29,624.

Note 14 – Economic Dependency

Utah State University is a significant customer of the City's enterprise funds. During fiscal year 2014, sales to Utah State University totaled \$2,345,694.

Note 15 – Environmental Health Landfill Closure and Post-Closure Costs

The City owns and operates a landfill that manages solid waste for the entire county. State and federal laws require the City to close the landfill when it reaches capacity and to monitor and maintain the site for thirty subsequent years. The City recognizes a portion of these costs in each operating period even though actual payouts will not occur until the landfill is closed. The amount recognized each year is based on the percent landfill capacity used as of the balance sheet date. There are several methodologies used to close a landfill, which result in varying costs and landfill capacities. The following cost estimates are based on the current methodology, which includes a dome-shaped landfill cap.

As of June 30, 2014, the City incurred a landfill liability of \$3,791,784 which represents the cost reported to date based on a 60.1 percent estimate of the landfill capacity used. Closure and post-closure costs are estimated to be \$6,308,334 based on a 2013 engineering study. The remaining estimated liability is \$2,516,550, which will be recognized as the remaining capacity is used (estimated closing date is 2023). The estimated cost of closure and post-closure care is subject to change and variability due to various factors including but not limited to technology changes and advancements and plans relating to the future use of the site.

Annually, the City files a financial assurance report for closure and post-closure costs with the Utah Department of Environmental Quality. The Department of Environmental Quality subsequently analyzes the sufficiency of reserve funds to meet future costs.

Note 16 – Redevelopment Agency

In accordance with the Utah State Code, municipalities having established Redevelopment Agencies are required to disclose certain revenues and expenditures associated with the various project areas. The revenues and expenditures associated with the City's redevelopment areas are as follows:

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Logan Downtown RDA		
Revenues:		
Tax increment collected	\$	221,247
Expenditures:		
Acquisition of property		-
Site improvements		19,217
Installation of utilities		-
Administrative costs		86,138
Tax increment rebate		40,852
Debt:		
City of Logan		-

Logan River RDA		
Revenues:		
Tax increment collected	\$	573,498
Expenditures:		
Acquisition of property		-
Site improvements		-
Installation of utilities		-
Administrative costs		23,940
Tax increment rebate		-
Debt:		
Revenue bonds		1,490,000

Logan South Main RDA		
Revenues:		
Tax increment collected	\$	887,875
Expenditures:		
Acquisition of property		-
Site improvements		-
Installation of utilities		-
Administrative costs		42,164
Tax increment rebate		322,792
Debt:		
City of Logan		-

Logan Northwest RDA		
Revenues:		
Tax increment collected	\$	316,008
Expenditures:		
Acquisition of property		-
Site improvements		-
Installation of utilities		-
Administrative costs		13,468
Tax increment rebate		-
Debt:		
City of Logan		-

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Logan North Main RDA		
Revenues:		
Tax increment collected	\$	91,060
Expenditures:		
Acquisition of property		-
Site improvements		-
Installation of utilities		-
Administrative costs		-
Tax increment rebate		-
Debt:		
City of Logan		-

Logan North Retail RDA		
Revenues:		
Tax increment collected	\$	436,355
Expenditures:		
Acquisition of property		-
Site improvements		-
Installation of utilities		-
Administrative costs		18,362
Tax increment rebate		83,387
Debt:		
City of Logan		-

Logan 600 West EDA		
Revenues:		
Tax increment collected	\$	668,153
Expenditures:		
Acquisition of property		-
Site improvements		-
Installation of utilities		-
Administrative costs		145,556
Tax increment rebate		308,116
Debt:		
City of Logan		-

Note 17 – Investments in Power Projects and Related Contracts

Colorado River Storage Project (CRSP)

The Colorado River Storage Project is managed by Western Area Power Authority, which is a division of the Department of Energy. Logan City is a preference customer of CRSP and has an allocation and a right to use a proportionate share of the hydro-electric power generated from the project. The City has the right to 22 MW of winter and 17 MW of summer capacity, when the project is producing the rated amount of electricity. The generation is primarily based on water flow.

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Intermountain Power Association (IPA)

The City has entered into a power sales contract that expires in June 2027, to purchase 2.47 percent of the output of the Intermountain Power Project Units 1 & 2. As long as any of the Intermountain Power Agency Bonds are outstanding, the contract cannot be terminated nor amended in a manner that will impair or adversely affect the rights of any of the members.

Deseret Generation and Transmission Cooperative (DG&T)

The City entered into a wholesale power contract with Deseret Generation and Transmission in June 2004. The contract is a long-term sale of 15 MW of unit firm capacity and associated energy from DG&T's Bonanza unit 1 for the period of June 30, 2004 through June 30, 2015. Under the terms of the contract, DG&T has committed capacity from Bonanza and will deliver associated energy based on scheduling instructions provided by the City.

Utah Associated Municipal Power Systems (UAMPS)

UAMPS is a governmental agency that provides comprehensive wholesale electric services, on a nonprofit basis, to municipalities throughout the Intermountain West. The City is obligated to UAMPS through power service contracts for the consequences of "take-or-pay" contracts with UAMPS customers. UAMPS service charges to the City include the City's proportionate obligation for the following items:

UAMPS Hunter II Project

In June 1982, the City entered into a power sales contract with UAMPS that expires on the later of (1) the date the principal of, premium, if any, and interest on all of the UAMPS Hunter Project Revenue and Refunding Bonds have been paid, or (2) the final shut down date of the Hunter Steam Electric Generating Unit No. 2 (Hunter II), or (3) June 1, 2032. The contract entitles the City to approximately 2.95 percent of the output of the project.

UAMPS Craig-Mona Transmission Project

In January 1989, the City entered into a transmission service contract with UAMPS that expires on the later of (1) the date the principal of, premium, if any, and interest on all of the UAMPS Craig-Mona Transmission Project Refunding and Revenue Bonds have been paid, or (2) UAMPS shall no longer have any rights with respect to the project under the applicable participation agreements, or (3) November 6, 2030. The contract entitles the City to approximately 1.22 percent of the transmission capability of the Craig to Bonanza 345 KV transmission line and approximately 4.4 MW of transmission capability of the Bonanza to Mona 345 KV transmission line and associated facilities.

UAMPS Payson (Nebo) Project

In March 2003, the City entered into a power sales contract with UAMPS that expires on the later of (1) the date the principal of, premium, if any, and interest on all of the UAMPS Payson Revenue Bonds have been paid, or (2) the date of the final payment of all obligations under the Project Agreements, or (3) April 1, 2026. The contract entitles the City to 12.92 percent of the scheduled output of the Payson Generating Station. As a participant in the UAMPS Payson Project, the City is obligated for 12.41 percent of the debt service on \$64,885,000 Revenue Bonds outstanding at June 30, 2014. In addition, the City is obligated for 40.54 percent of the debt service on \$12,900,000 of debt also outstanding on this project.

UAMPS Pleasant Valley PPM Energy Wind Project

In January 2004, the City entered into a power sales contract with UAMPS that expires in January 2029. The City agreed to purchase two MW of power at a fixed rate of \$48.11 per MWH. In March 2008, the City acquired an additional two MW of wind power, for a total of four MW. The City agreed to purchase the power on a percentage-of-availability basis as it is generated.

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

All-In Cost Pool

UAMPS Pool Project Participants formed the “All-In” Pool in a desire to more cooperatively and efficiently manage member load and resource situations. The pool provides an environment that encourages participants to jointly acquire resources as needed, thus taking advantage of economies of scale. Each of the participants in the pool has agreed to sell their excess power to and purchase additional power needs from the pool at cost. Any additional power needs for the group may be purchased in one large block at market prices. In addition, any excess power to be sold may be sold in a similar manner.

Note 18 – Industrial Revenue Bonds

In December 1996, the City authorized the issuance of Industrial Revenue Bonds to Sunshine Terrace in the amount of \$3,825,000. Sunshine Terrace is responsible for all bond payments and neither the City nor its resources are liable for repayment. The bonds are scheduled to mature on December 1, 2016.

In December 2001, the City authorized the issuance of Industrial Revenue Bonds to Scientific Technology Incorporated in the amount of \$2,100,000. In July 2006, the City Council approved the transfer of liability from Scientific Technology Incorporated to Ardenwood LLC. Ardenwood LLC is responsible for all bond payments and neither the City nor its resources are liable for repayment. The bonds are scheduled to mature on August 1, 2031.

Note 19 – Fund Balances

Fund balance is categorized as follows:

Fund Balances	General	Redevelopment Agency	Other Governmental funds	Total
Nonspendable:				
Inventory	\$ 6,673	\$ -	\$ -	\$ 6,673
Interfund receivables	2,500,000	-	-	2,500,000
Restricted for:				
Debt service	912,500	93	-	912,593
Streets	2,175,207	-	-	2,175,207
Law enforcement	204,138	-	2,396	206,534
Parks and recreation	-	-	18,741	18,741
Library	-	-	161,884	161,884
Redevelopment	-	6,346,457	-	6,346,457
Other	-	-	3,839	3,839
Committed to:				
Library	-	-	1,086,856	1,086,856
Recreation Center maintenance	-	-	363,392	363,392
Communications Center	-	-	1,371,582	1,371,582
Special improvements	-	-	9,766	9,766
Cemetery	-	-	440,964	440,964
Capital projects	-	-	9,570,744	9,570,744
Assigned to:				
Public works	40,210	-	-	40,210
Other	52,022	-	-	52,022
Unassigned:	4,447,699	-	-	4,447,699
Total	<u>\$ 10,338,449</u>	<u>\$ 6,346,550</u>	<u>\$ 13,030,164</u>	<u>\$ 29,715,163</u>

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Note 20 – Extraordinary Item

The City is a member of the Northern Utah Regional Landfill Authority (NURLA) through the environmental health fund. All members contributed equally to the establishment of the authority. Logan City contributed \$2,500,000 in fiscal year 2008. The jointly governed organization was created to purchase or construct a regional solid waste facility; however, this purpose was not achieved. NURLA members elected to distribute to each entity its proportionate share of the remaining equity. The amount distributed to the City was \$2,649,059.

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Required Supplementary Information

**City of Logan
General Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014**

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Property tax	\$ 2,974,143	\$ 2,974,143	\$ 3,075,079	\$ 100,936
Sales tax	8,458,258	11,273,258	11,270,803	(2,455)
Franchise tax	4,740,000	4,925,000	5,219,819	294,819
Licenses and permits	656,000	656,000	1,072,200	416,200
Intergovernmental	1,957,244	6,622,266	4,853,326	(1,768,940)
Administrative fees	3,934,680	4,347,337	-	(4,347,337)
Charges for services	2,694,676	2,902,488	3,177,430	274,942
Fines	1,053,000	1,053,000	890,125	(162,875)
Investment earnings	71,000	71,000	76,995	5,995
Miscellaneous	140,000	144,000	1,474,026	1,330,026
Total revenues	26,679,001	34,968,492	31,109,803	(3,858,689)
EXPENDITURES				
Current:				
General government:				
Municipal council	130,890	130,890	118,298	12,592
Administration	1,065,672	1,069,672	977,443	92,229
Non-departmental	562,849	3,562,849	1,418,259	2,144,590
Finance	1,404,151	1,404,151	1,392,016	12,135
City attorney	544,935	544,935	513,967	30,968
Human resources	311,521	316,121	232,432	83,689
Community development	1,735,043	1,987,027	1,457,108	529,919
Total general government	5,755,061	9,015,645	6,109,523	2,906,122
Public safety:				
Police department	6,585,270	6,924,531	6,556,339	368,192
Fire department	5,113,802	5,300,742	5,188,013	112,729
Total public safety	11,699,072	12,225,273	11,744,352	480,921
Public works:				
Public works department	7,296,714	11,854,269	6,990,643	4,863,626
Total public works	7,296,714	11,854,269	6,990,643	4,863,626
Parks and recreation:				
Parks and recreation department	3,455,496	4,841,891	4,250,856	591,035
Total parks and recreation	3,455,496	4,841,891	4,250,856	591,035
Debt service:				
Principal	1,790,315	2,601,285	2,595,198	6,087
Interest	395,309	350,339	292,050	58,289
Total debt service	2,185,624	2,951,624	2,887,248	64,376
Total expenditures	30,391,967	40,888,702	31,982,622	8,906,080
Revenues over (under) expenditures	(3,712,966)	(5,920,210)	(872,819)	5,047,391
OTHER FINANCING SOURCES (USES)				
Transfers in	4,787,015	5,101,320	5,096,567	(4,753)
Transfers out	(6,137,108)	(7,993,941)	(3,545,831)	4,448,110
Debt issuance	-	300,000	300,000	-
Disposal of capital assets	-	-	39,951	39,951
Total other financing sources (uses)	(1,350,093)	(2,592,621)	1,890,687	4,483,308
Net change in fund balance	(5,063,059)	(8,512,831)	1,017,868	9,530,699
Fund balance, beginning	9,320,581	9,320,581	9,320,581	-
Fund balance, ending	\$ 4,257,522	\$ 807,750	\$ 10,338,449	\$ 9,530,699

**City of Logan
Redevelopment Agency
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014**

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Property tax	\$ 4,370,017	\$ 4,370,017	\$ 593,719	\$ (3,776,298)
Intergovernmental	-	-	2,600,477	2,600,477
Investment earnings	-	-	23,123	23,123
Miscellaneous	1,080	1,080	18,694	17,614
Total revenues	4,371,097	4,371,097	3,236,013	(1,135,084)
EXPENDITURES				
Current:				
Public works	1,242,875	1,380,959	1,084,775	296,184
Debt Service:				
Principal	340,000	365,000	365,000	-
Interest	73,800	48,800	18,071	30,729
Capital Outlay:				
Public works	193,190	202,608	19,217	183,391
Total expenditures	1,849,865	1,997,367	1,487,063	510,304
Revenues over (under) expenditures	2,521,232	2,373,730	1,748,950	(624,780)
Net change in fund balance	2,521,232	2,373,730	1,748,950	(624,780)
Fund balance, beginning	4,597,600	4,597,600	4,597,600	-
Fund balance, ending	\$ 7,118,832	\$ 6,971,330	\$ 6,346,550	\$ (624,780)

CITY OF LOGAN
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1 – Budgetary Information

The City is required by state statute and the Uniform Fiscal Procedures Act for Utah Cities to adopt annual budgets for the general fund, special revenue funds, capital projects funds, and enterprise funds. Budgets for the general fund, special revenue funds, and capital projects funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). For operating reasons, revenue and expenditures for centralized administrative services are budgeted for in the general fund. However, for reporting purposes these revenues and expenses are eliminated and administrative expenses are recorded in the various funds. Budgets for the enterprise funds are prepared on the modified accrual basis. These budgets are, therefore, adopted on a non-GAAP basis.

On or before May 1st, the Mayor submits to the City Council a proposed budget for the fiscal year beginning July 1st. The budget includes proposed expenditures or expenses and the means of financing them. Prior to formal adoption of the budget, the City Council holds budget workshop meetings, which are open to the public. In addition, the City Council holds a public hearing at which time taxpayer comments are heard. Copies of the proposed budget are made available for public inspection prior to the public hearing. At the conclusion of the hearings, on or before June 22nd, the budget as amended is legally adopted through the passage of a resolution.

The Uniform Fiscal Procedures Act for Utah Cities states a city may appropriate the portion of the fund balance that exceeds five percent of the estimated revenues of the general fund; however, five percent of revenues must be maintained as an emergency reserve. The state auditor's office has determined that accumulated committed, assigned, and unassigned fund balance cannot exceed 25 percent of revenues. If the accumulated committed, assigned, and unassigned fund balance in the general fund exceeds 25 percent of the estimated revenues, the City is required to include that portion that exceeds 25 percent in the subsequent year's expenditure budget.

During a fiscal year, departments may make transfers of appropriations within a department with the approval of the Mayor. Transfers of appropriations between departments, however, require the approval of the City Council. In addition, if a department desires to exceed its total budget appropriation, a budget resolution amending the original adopted budget must be passed by the City Council. Public hearings are required on all such amendments to the original adopted budget.

Generally, unexpended appropriations lapse at year-end. The City will reappropriate or carryforward specific unexpended appropriations on a case-by-case basis through a budget resolution.

The City is required to present budgetary comparisons for the general fund and for major individual special revenue funds for which annual budgets are adopted. As such, budgetary schedules have been prepared for the general fund and for the redevelopment agency fund.

Supplementary Information

City of Logan
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Library	Recreation Center Maintenance	Communication Center	Special Improvement	Cemetery Perpetual Care	Community Donations	Capital Projects	Capital Equipment	Total
ASSETS									
Cash and cash equivalents	\$ 1,237,470	\$ 396,371	\$ 1,214,930	\$ 9,766	\$ 440,964	\$ 24,976	\$ 7,840,299	\$ 2,080,704	\$ 13,245,480
Accounts receivable (net of allowance)	-	-	70,537	376,232	-	-	-	-	446,769
Property tax receivable	1,578,060	-	-	-	-	-	-	-	1,578,060
Due from other governmental units	49,819	-	124,012	-	-	-	-	-	173,831
Total assets	<u>2,865,349</u>	<u>396,371</u>	<u>1,409,479</u>	<u>385,998</u>	<u>440,964</u>	<u>24,976</u>	<u>7,840,299</u>	<u>2,080,704</u>	<u>15,444,140</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	38,549	32,979	37,897	-	-	-	350,259	-	459,684
Total liabilities	<u>38,549</u>	<u>32,979</u>	<u>37,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,259</u>	<u>-</u>	<u>459,684</u>
DEFERRED INFLOWS OF RESOURCES									
Deferred revenue unavailable	-	-	-	376,232	-	-	-	-	376,232
Deferred property tax revenue	1,578,060	-	-	-	-	-	-	-	1,578,060
Total deferred inflows of resources	<u>1,578,060</u>	<u>-</u>	<u>-</u>	<u>376,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,954,292</u>
FUND BALANCES									
Restricted	161,884	-	-	-	-	24,976	-	-	186,860
Committed	1,086,856	363,392	1,371,582	9,766	440,964	-	7,490,040	2,080,704	12,843,304
Total fund balances	<u>1,248,740</u>	<u>363,392</u>	<u>1,371,582</u>	<u>9,766</u>	<u>440,964</u>	<u>24,976</u>	<u>7,490,040</u>	<u>2,080,704</u>	<u>13,030,164</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,865,349</u>	<u>\$ 396,371</u>	<u>\$ 1,409,479</u>	<u>\$ 385,998</u>	<u>\$ 440,964</u>	<u>\$ 24,976</u>	<u>\$ 7,840,299</u>	<u>\$ 2,080,704</u>	<u>\$ 15,444,140</u>

City of Logan
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Library	Recreation Center Maintenance	Communication Center	Special Improvement	Cemetery Perpetual Care	Community Donations	Capital Projects	Capital Equipment	Total
REVENUES									
Property tax	\$ 1,729,516	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,729,516
Franchise tax	-	-	298,822	-	-	-	-	-	298,822
Intergovernmental	20,201	210,708	454,574	-	-	-	8,021	-	693,504
Charges for services	14,397	-	902,323	-	21,000	-	-	-	937,720
Fines	51,753	-	-	-	-	-	-	-	51,753
Investment earnings	5,073	1,707	5,667	184	2,133	-	37,390	8,870	61,024
Miscellaneous	37,470	-	75,026	66,009	-	12,658	-	-	191,163
Total revenues	<u>1,858,410</u>	<u>212,415</u>	<u>1,736,412</u>	<u>66,193</u>	<u>23,133</u>	<u>12,658</u>	<u>45,411</u>	<u>8,870</u>	<u>3,963,502</u>
EXPENDITURES									
Current:									
Public safety	-	-	1,644,334	-	-	-	-	-	1,644,334
Public works	-	-	-	2,618	-	-	-	-	2,618
Parks, recreation and culture	1,650,792	443,438	-	-	-	-	-	-	2,094,230
Capital outlay:									
General government	-	-	-	-	-	-	-	62,909	62,909
Public safety	-	-	23,828	-	-	-	10,000	228,663	262,491
Public works	-	-	-	-	-	-	1,144,833	329,787	1,474,620
Parks, recreation and culture	-	16,176	-	-	-	-	423,801	73,446	513,423
Total expenditures	<u>1,650,792</u>	<u>459,614</u>	<u>1,668,162</u>	<u>2,618</u>	<u>-</u>	<u>-</u>	<u>1,578,634</u>	<u>694,805</u>	<u>6,054,625</u>
Revenues over (under) expenditures	<u>207,618</u>	<u>(247,199)</u>	<u>68,250</u>	<u>63,575</u>	<u>23,133</u>	<u>12,658</u>	<u>(1,533,223)</u>	<u>(685,935)</u>	<u>(2,091,123)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	271,108	-	-	20,000	-	269,890	1,013,000	1,573,998
Transfers out	-	-	-	(60,605)	-	(14,305)	(300,000)	-	(374,910)
Total other financing sources (uses)	<u>-</u>	<u>271,108</u>	<u>-</u>	<u>(60,605)</u>	<u>20,000</u>	<u>(14,305)</u>	<u>(30,110)</u>	<u>1,013,000</u>	<u>1,199,088</u>
Net change in fund balances	207,618	23,909	68,250	2,970	43,133	(1,647)	(1,563,333)	327,065	(892,035)
Fund balances - beginning	1,041,122	339,483	1,303,332	6,796	397,831	26,623	9,053,373	1,753,639	13,922,199
Fund balances - ending	<u>\$ 1,248,740</u>	<u>\$ 363,392</u>	<u>\$ 1,371,582</u>	<u>\$ 9,766</u>	<u>\$ 440,964</u>	<u>\$ 24,976</u>	<u>\$ 7,490,040</u>	<u>\$ 2,080,704</u>	<u>\$ 13,030,164</u>

**City of Logan
Library Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014**

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Property tax	\$ 1,660,932	\$ 1,660,932	\$ 1,729,516	\$ 68,584
Intergovernmental	-	20,727	20,201	(526)
Charges for services	6,000	6,000	14,397	8,397
Fines	53,000	53,000	51,753	(1,247)
Investment earnings	3,100	3,100	5,073	1,973
Miscellaneous	10,000	10,000	37,470	27,470
Total revenues	1,733,032	1,753,759	1,858,410	104,651
EXPENDITURES				
Current:				
Parks, recreation and culture	1,733,158	1,753,885	1,650,792	103,093
Total expenditures	1,733,158	1,753,885	1,650,792	103,093
Revenues over (under) expenditures	(126)	(126)	207,618	207,744
Net change in fund balance	(126)	(126)	207,618	207,744
Fund balance, beginning	1,041,122	1,041,122	1,041,122	-
Fund balance, ending	\$ 1,040,996	\$ 1,040,996	\$ 1,248,740	\$ 207,744

City of Logan
Recreation Center Maintenance Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Intergovernmental	\$ 210,708	\$ 210,708	\$ 210,708	\$ -
Investment earnings	1,000	1,000	1,707	707
Total revenues	211,708	211,708	212,415	707
EXPENDITURES				
Current:				
Parks, recreation and culture	452,472	446,350	443,438	2,912
Parks, recreation and culture	20,000	26,122	16,176	9,946
Total expenditures	472,472	472,472	459,614	12,858
Revenues over (under) expenditures	(260,764)	(260,764)	(247,199)	13,565
OTHER FINANCING SOURCES (USES)				
Transfers in	271,108	271,108	271,108	-
Total other financing sources (uses)	271,108	271,108	271,108	-
Net change in fund balance	10,344	10,344	23,909	13,565
Fund balance, beginning	339,483	339,483	339,483	-
Fund balance, ending	\$ 349,827	\$ 349,827	\$ 363,392	\$ 13,565

City of Logan
Communication Center Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Franchise tax	\$ 736,000	\$ 736,000	\$ 298,822	\$ (437,178)
Intergovernmental	15,000	307,536	454,574	147,038
Charges for services	940,000	940,000	902,323	(37,677)
Investment earnings	7,021	7,021	5,667	(1,354)
Miscellaneous	96,000	96,000	75,026	(20,974)
Total revenues	1,794,021	2,086,557	1,736,412	(350,145)
EXPENDITURES				
Current:				
Public safety	1,857,304	1,857,304	1,644,334	212,970
Capital outlay:				
Public safety	65,000	357,536	23,828	333,708
Total expenditures	1,922,304	2,214,840	1,668,162	546,678
Revenues over (under) expenditures	(128,283)	(128,283)	68,250	196,533
Net change in fund balance	(128,283)	(128,283)	68,250	196,533
Fund balance, beginning	1,303,332	1,303,332	1,303,332	-
Fund balance, ending	\$ 1,175,049	\$ 1,175,049	\$ 1,371,582	\$ 196,533

City of Logan
Special Improvement Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 184	\$ 184
Miscellaneous	70,858	70,858	66,009	(4,849)
Total revenues	70,858	70,858	66,193	(4,665)
EXPENDITURES				
Current:				
Public works	5,500	5,500	2,618	2,882
Total expenditures	5,500	5,500	2,618	2,882
Revenues over (under) expenditures	65,358	65,358	63,575	(1,783)
OTHER FINANCING SOURCES (USES)				
Transfers out	(65,358)	(65,358)	(60,605)	4,753
Total other financing sources (uses)	(65,358)	(65,358)	(60,605)	4,753
Net change in fund balance	-	-	2,970	2,970
Fund balance, beginning	6,796	6,796	6,796	-
Fund balance, ending	\$ 6,796	\$ 6,796	\$ 9,766	\$ 2,970

City of Logan
Cemetery Perpetual Care Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Charges for services	\$ -	\$ -	\$ 21,000	\$ 21,000
Investment earnings	-	-	2,133	2,133
Total revenues	-	-	23,133	23,133
Revenues over (under) expenditures	-	-	23,133	23,133
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	20,000	20,000	-
Total other financing sources (uses)	20,000	20,000	20,000	-
Net change in fund balance	20,000	20,000	43,133	23,133
Fund balance, beginning	397,831	397,831	397,831	-
Fund balance, ending	\$ 417,831	\$ 417,831	\$ 440,964	\$ 23,133

City of Logan
Community Donations Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 12,658	\$ 12,658
Total revenues	-	-	12,658	12,658
Revenues over (under) expenditures	-	-	12,658	12,658
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(14,305)	(14,305)	-
Total other financing sources (uses)	-	(14,305)	(14,305)	-
Net change in fund balance	-	(14,305)	(1,647)	12,658
Fund balance, beginning	26,623	26,623	26,623	-
Fund balance, ending	\$ 26,623	\$ 12,318	\$ 24,976	\$ 12,658

City of Logan
Capital Projects Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Intergovernmental	\$ -	\$ 8,021	\$ 8,021	\$ -
Investment earnings	-	-	37,390	37,390
Total revenues	-	8,021	45,411	37,390
EXPENDITURES				
Capital outlay:				
Public safety	10,000	10,000	10,000	-
Public works	1,990,000	4,592,291	1,144,833	3,447,458
Parks, recreation and culture	-	1,458,021	423,801	1,034,220
Total expenditures	2,000,000	6,060,312	1,578,634	4,481,678
Revenues over (under) expenditures	(2,000,000)	(6,052,291)	(1,533,223)	4,519,068
OTHER FINANCING SOURCES (USES)				
Transfers in	3,540,000	3,540,000	269,890	(3,270,110)
Transfers out	-	(300,000)	(300,000)	-
Total other financing sources (uses)	3,540,000	3,240,000	(30,110)	(3,270,110)
Net change in fund balance	1,540,000	(2,812,291)	(1,563,333)	1,248,958
Fund balance, beginning	9,053,373	9,053,373	9,053,373	-
Fund balance, ending	\$ 10,593,373	\$ 6,241,082	\$ 7,490,040	\$ 1,248,958

City of Logan
Capital Equipment Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Investment earnings	\$ -	\$ -	\$ 8,870	\$ 8,870
Total revenues	-	-	8,870	8,870
EXPENDITURES				
Capital outlay:				
General government	40,000	64,000	62,909	1,091
Public safety	220,000	230,000	228,663	1,337
Public works	580,000	580,000	329,787	250,213
Parks, recreation and culture	75,000	75,000	73,446	1,554
Total expenditures	915,000	949,000	694,805	254,195
Revenues over (under) expenditures	(915,000)	(949,000)	(685,935)	263,065
OTHER FINANCING SOURCES (USES)				
Transfers in	2,191,000	2,191,000	1,013,000	(1,178,000)
Total other financing sources (uses)	2,191,000	2,191,000	1,013,000	(1,178,000)
Net change in fund balance	1,276,000	1,242,000	327,065	(914,935)
Fund balance, beginning	1,753,639	1,753,639	1,753,639	-
Fund balance, ending	\$ 3,029,639	\$ 2,995,639	\$ 2,080,704	\$ (914,935)

City of Logan
Combining Statement of Net Position
Internal Service Funds
June 30, 2014

	Information Technology	Risk Management	Health Management	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 960,539	\$ 2,050,149	\$ 634,567	\$ 3,645,255
Prepaid assets	60,090	7,018	278,114	345,222
Total current assets	<u>1,020,629</u>	<u>2,057,167</u>	<u>912,681</u>	<u>3,990,477</u>
Noncurrent assets:				
Capital assets, net of accumulated depreciation:				
Equipment	72,631	27,642	-	100,273
Total noncurrent assets	<u>72,631</u>	<u>27,642</u>	<u>-</u>	<u>100,273</u>
Total assets	<u>1,093,260</u>	<u>2,084,809</u>	<u>912,681</u>	<u>4,090,750</u>
LIABILITIES				
Current liabilities:				
Accounts payable	76,301	186,945	31,946	295,192
Compensated absences	30,650	10,448	-	41,098
Total current liabilities	<u>106,951</u>	<u>197,393</u>	<u>31,946</u>	<u>336,290</u>
Noncurrent liabilities:				
Compensated absences	7,236	2,466	-	9,702
Total noncurrent liabilities	<u>7,236</u>	<u>2,466</u>	<u>-</u>	<u>9,702</u>
Total liabilities	<u>114,187</u>	<u>199,859</u>	<u>31,946</u>	<u>345,992</u>
NET POSITION				
Net investment in capital assets	72,631	27,642	-	100,273
Unrestricted	906,442	1,857,308	880,735	3,644,485
Total net position	<u>\$ 979,073</u>	<u>\$ 1,884,950</u>	<u>\$ 880,735</u>	<u>\$ 3,744,758</u>

City of Logan
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2014

	Information Technology	Risk Management	Health Management	Total
Operating revenues:				
Charges for services	\$ 1,137,646	\$ 1,249,650	\$ 3,379,816	\$ 5,767,112
Miscellaneous	11,862	-	67,730	79,592
Total operating revenues	<u>1,149,508</u>	<u>1,249,650</u>	<u>3,447,546</u>	<u>5,846,704</u>
Operating expenses:				
Salaries and wages	508,828	259,404	-	768,232
Operating and maintenance	555,401	763,920	3,434,224	4,753,545
Depreciation and amortization	35,085	2,186	-	37,271
Total operating expenses	<u>1,099,314</u>	<u>1,025,510</u>	<u>3,434,224</u>	<u>5,559,048</u>
Operating income (loss)	<u>50,194</u>	<u>224,140</u>	<u>13,322</u>	<u>287,656</u>
Nonoperating revenues (expenses):				
Investment earnings	4,525	8,604	4,130	17,259
Gain (loss) on sale of assets	1,600	6,425	-	8,025
Total nonoperating revenue (expense)	<u>6,125</u>	<u>15,029</u>	<u>4,130</u>	<u>25,284</u>
Change in net position	56,319	239,169	17,452	312,940
Total net position, beginning	<u>922,754</u>	<u>1,645,781</u>	<u>863,283</u>	<u>3,431,818</u>
Total net position, ending	<u>\$ 979,073</u>	<u>\$ 1,884,950</u>	<u>\$ 880,735</u>	<u>\$ 3,744,758</u>

City of Logan
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2014

	Information Technology	Risk Management	Health Management	Total
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 1,149,508	\$ 1,249,650	\$ 3,447,546	\$ 5,846,704
Payments for employee services	(505,240)	(257,660)	-	(762,900)
Payments for supplies	(496,553)	(694,400)	(4,177,610)	(5,368,563)
Net cash provided (used) by operating activities	<u>147,715</u>	<u>297,590</u>	<u>(730,064)</u>	<u>(284,759)</u>
Cash Flows From Capital and Related Financing Activities				
Proceeds from sale of capital assets	1,600	26,100	-	27,700
Purchases of capital assets	(36,851)	(27,642)	-	(64,493)
Net cash provided (used) by capital and related financing activities	<u>(35,251)</u>	<u>(1,542)</u>	<u>-</u>	<u>(36,793)</u>
Cash Flows From Investing Activities				
Interest and dividends received	4,524	8,605	4,130	17,259
Net cash provided (used) by investing activities	<u>4,524</u>	<u>8,605</u>	<u>4,130</u>	<u>17,259</u>
Net increase (decrease) in cash and cash equivalents	116,988	304,653	(725,934)	(304,293)
Cash and cash equivalents - beginning	843,551	1,745,496	1,360,501	3,949,548
Cash and cash equivalents - ending	<u>960,539</u>	<u>2,050,149</u>	<u>634,567</u>	<u>3,645,255</u>
Shown in the financial statements as:				
Cash and cash equivalents	960,539	2,050,149	634,567	3,645,255
Total	<u>960,539</u>	<u>2,050,149</u>	<u>634,567</u>	<u>3,645,255</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	50,194	224,140	13,322	287,656
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization expenses	35,085	2,186	-	37,271
(Increase) decrease in inventories and prepaids	30,629	7,019	(278,114)	(240,466)
Increase (decrease) in accounts payable	31,807	64,245	(465,272)	(369,220)
Total adjustments	<u>97,521</u>	<u>73,450</u>	<u>(743,386)</u>	<u>(572,415)</u>
Net cash provided (used) by operating activities	<u>\$ 147,715</u>	<u>\$ 297,590</u>	<u>\$ (730,064)</u>	<u>\$ (284,759)</u>

Statistical Section

(Unaudited)

This part of the City of Logan's Comprehensive Annual Financial Report presents detailed information as a context for better understanding the information in the financial statements, note disclosures, and required supplementary information. The statistical section is divided into five main categories as follows:

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Logan
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 33,827,064	\$ 33,547,443	\$ 32,063,095	\$ 37,017,827	\$ 44,175,005	\$ 45,458,112	\$ 46,646,658	\$ 49,858,785	\$ 54,075,787	\$ 59,823,124
Restricted	3,407,503	4,395,122	5,490,087	4,309,531	5,527,716	4,374,963	6,040,894	7,500,583	7,953,879	9,825,255
Unrestricted	2,080,296	7,375,465	11,661,764	13,066,078	8,821,025	13,765,957	16,403,797	17,983,316	20,848,581	20,967,335
Total governmental activities net position	39,314,863	45,318,030	49,214,946	54,393,436	58,523,746	63,599,032	69,091,349	75,342,684	82,878,247	90,615,714
Business-type activities										
Net investment in capital assets	53,030,441	54,218,641	60,912,030	69,182,015	70,349,483	70,772,026	83,696,041	93,455,269	108,908,112	133,846,087
Restricted	3,515,899	3,369,056	3,645,224	5,253,402	5,325,737	5,511,717	5,447,511	5,171,222	3,393,512	3,263,661
Unrestricted	4,967,851	11,534,517	13,913,031	19,606,826	30,984,227	40,193,186	42,341,386	52,823,950	58,024,074	60,074,587
Total business-type activities net position	61,514,191	69,122,214	78,470,285	94,042,243	106,659,447	116,476,929	131,484,938	151,450,441	170,325,698	197,184,335
Primary government										
Net investment in capital assets	86,857,505	87,766,084	92,975,125	106,199,842	114,524,488	116,230,138	130,342,699	143,314,054	162,983,899	193,669,211
Restricted	6,923,402	7,764,178	9,135,311	9,562,933	10,853,453	9,886,680	11,488,405	12,671,805	11,347,391	13,088,916
Unrestricted	7,048,147	18,909,982	25,574,795	32,672,904	39,805,252	53,959,143	58,745,183	70,807,266	78,872,655	81,041,922
Total primary government net position	<u>\$ 100,829,054</u>	<u>\$ 114,440,244</u>	<u>\$ 127,685,231</u>	<u>\$ 148,435,679</u>	<u>\$ 165,183,193</u>	<u>\$ 180,075,961</u>	<u>\$ 200,576,287</u>	<u>\$ 226,793,125</u>	<u>\$ 253,203,945</u>	<u>\$ 287,800,049</u>

City of Logan
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Expenses	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
General government	\$ 4,610,847	\$ 4,154,311	\$ 4,030,030	\$ 4,167,912	\$ 4,066,767	\$ 4,401,387	\$ 4,536,569	\$ 3,953,843	\$ 6,247,213	\$ 6,582,383
Public safety	10,431,786	10,645,906	11,708,483	11,904,427	16,068,594	12,952,205	13,410,929	13,433,511	13,867,644	14,244,566
Public works	9,483,377	9,218,137	8,917,654	6,698,981	6,163,514	5,991,429	5,618,065	6,067,097	6,424,605	5,971,262
Parks, recreation and culture	5,695,681	5,513,037	5,880,219	5,972,206	6,021,405	5,932,225	6,157,606	6,214,439	6,550,335	6,283,633
Interest on long-term debt	995,073	883,013	1,066,533	937,438	897,827	807,867	722,554	632,193	720,587	278,279
Total governmental activities expenses	31,216,764	30,414,404	31,602,919	29,680,964	33,218,107	30,085,113	30,445,723	30,301,083	33,810,384	33,360,123
Business-type activities:										
Water and sewer	4,984,878	5,329,864	5,995,831	5,956,156	6,391,287	7,341,611	6,479,924	6,720,139	6,605,621	7,044,288
Sewer treatment	1,592,069	1,516,309	1,323,435	1,678,112	1,838,810	1,971,969	1,683,595	1,461,239	2,047,329	1,734,806
Electric	26,661,065	28,154,670	27,057,794	28,509,970	26,954,988	27,836,906	29,339,903	27,857,228	29,529,767	29,767,620
Environmental health	6,437,766	6,832,097	8,406,574	7,363,667	7,630,579	7,213,824	8,015,044	7,391,826	7,606,099	8,656,539
Storm water management	31,156	146,376	268,693	416,460	653,373	652,774	595,459	583,300	636,962	1,383,774
Golf course	1,067,436	950,401	964,478	1,039,064	1,082,298	990,145	910,292	977,285	1,058,746	1,124,726
Total business-type activities expenses	40,774,370	42,929,717	44,016,805	44,963,429	44,551,335	46,007,229	47,024,217	44,991,017	47,484,524	49,711,753
Total primary government expenses	71,991,134	73,344,121	75,619,724	74,644,393	77,769,442	76,092,342	77,469,940	75,292,100	81,294,908	83,071,876
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,696,466	2,442,210	2,156,641	2,225,184	1,840,998	1,805,623	1,692,739	1,763,563	1,896,727	2,051,873
Public safety	3,024,525	3,072,579	2,522,034	2,542,265	2,707,185	2,663,369	2,695,818	2,727,867	2,743,666	3,023,976
Public works	99,141	108,824	77,599	65,795	76,508	245,452	73,739	50,393	60,383	90,346
Parks, recreation and culture	1,198,062	1,137,552	1,064,335	959,230	833,265	762,949	904,952	1,095,948	1,062,012	963,033
Operating grants and contributions	2,347,991	3,624,830	3,731,879	3,432,063	5,633,575	2,910,345	2,635,966	2,542,203	4,337,900	5,592,515
Capital grants and contributions	4,616,339	1,759,227	1,901,121	2,646,992	1,081,431	602,962	575,446	907,301	202,703	2,169,442
Total governmental activities program revenues	12,982,524	12,145,222	11,453,609	11,871,529	12,172,962	8,990,700	8,578,660	9,087,275	10,303,391	13,891,185
Business-type activities:										
Charges for services:										
Water and sewer	7,141,975	8,053,733	9,232,454	9,175,918	9,422,487	9,020,423	9,415,093	9,843,352	11,517,493	11,308,276
Sewer treatment	2,933,363	3,314,190	3,615,552	3,812,998	3,746,692	4,009,174	5,959,987	6,272,841	6,155,411	6,121,506
Electric	28,655,369	31,994,373	32,831,865	35,123,701	33,511,951	33,093,119	34,991,678	37,373,422	38,132,147	38,636,007
Environmental health	8,060,982	8,778,028	10,587,302	11,029,581	10,839,020	10,686,702	10,974,250	11,482,784	11,414,276	11,546,256
Storm water management	-	917,264	1,093,681	1,222,361	1,223,386	1,169,523	1,208,046	1,550,770	1,909,928	1,956,884
Golf course	792,129	854,700	927,906	942,152	929,632	845,998	716,924	725,067	817,084	877,558
Operating grants and contributions	-	4,100	5,089	5,190	-	-	26,840	1,467,346	650,281	-
Capital grants and contributions	465,695	851,185	613,893	4,852,635	1,027,388	591,720	2,414,117	-	-	6,010,481
Total business-type activities program revenues	48,049,513	54,767,643	58,907,742	66,164,536	60,700,556	59,416,659	65,706,935	68,725,582	70,596,620	76,456,968
Total primary government program revenue	61,032,037	66,912,865	70,361,351	78,036,065	72,873,518	68,407,359	74,285,595	77,812,857	80,900,011	90,348,153
Net (expense) revenue										
Governmental activities	(18,234,240)	(18,269,182)	(20,149,310)	(17,809,435)	(21,045,145)	(21,094,413)	(21,867,063)	(21,213,808)	(23,506,993)	(19,468,938)
Business-type activities	7,275,143	11,837,926	14,890,937	21,201,107	16,149,221	13,409,430	18,682,718	23,734,565	23,112,096	26,745,215
Total primary government net expense	(10,959,097)	(6,431,256)	(5,258,373)	3,391,672	(4,895,924)	(7,684,983)	(3,184,345)	2,520,757	(394,897)	7,276,277
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property tax	4,906,390	4,717,759	5,515,223	6,243,004	6,615,903	7,311,000	7,659,716	7,832,162	8,162,000	5,398,314
Sales tax	8,701,002	9,656,503	9,790,578	8,588,366	7,801,445	7,278,283	7,638,622	8,298,419	10,912,488	11,270,803
Franchise tax	4,406,748	4,549,254	5,494,567	5,544,044	5,486,849	5,795,555	5,890,063	5,572,982	5,780,106	5,518,641
Unrestricted grants and contributions	202,675	78,334	171,205	-	-	986,052	966,669	532,429	605,042	385,350
Unrestricted investment earnings	99,548	411,453	872,221	777,448	473,635	405,243	344,296	445,475	346,950	178,401
Miscellaneous	2,803,611	485,882	411,034	778,342	459,727	259,746	710,155	477,623	546,130	1,639,738
Gain (loss) on sale of assets	-	143,261	133,456	(240,273)	124,616	-	64,315	103,970	-	65,334,00
Special item	-	-	(2,419,473)	(2,693,766)	-	-	-	-	-	-
Transfers	1,941,185	4,229,903	4,077,415	3,990,760	4,213,280	4,133,820	4,085,544	4,202,083	4,689,840	2,749,824
Total general revenues and transfers	23,061,159	24,272,349	24,046,226	22,987,925	25,175,455	26,169,699	27,359,380	27,465,143	31,042,556	27,206,405
Business-type activities:										
Unrestricted investment earnings	91,756	-	-	861,611	681,263	541,872	410,835	433,021	453,001	297,206
Special item	-	-	-	(2,500,000)	-	-	-	-	-	-
Extraordinary item	-	-	-	-	-	-	-	-	-	2,649,059
Transfers	(1,941,185)	(4,229,903)	(4,077,415)	(3,990,760)	(4,213,280)	(4,133,820)	(4,085,544)	(4,202,083)	(4,689,840)	(2,749,824)
Total general revenues and transfers	(1,849,429)	(4,229,903)	(4,077,415)	(5,629,149)	(3,532,017)	(3,591,948)	(3,674,709)	(3,769,062)	(4,236,839)	196,441
Total primary government	21,211,730	20,042,446	19,968,811	17,358,776	21,643,438	22,577,751	23,684,671	23,696,081	26,805,717	27,402,846
Change in Net Position										
Governmental activities	4,826,919	6,003,167	3,896,916	5,178,490	4,130,310	5,075,286	5,492,317	6,251,335	7,535,563	7,737,467
Business-type activities	5,425,714	7,608,023	10,813,522	15,571,958	12,617,204	9,817,482	15,008,009	19,965,503	18,875,257	26,941,656
Total primary government	\$ 10,252,633	\$ 13,611,190	\$ 14,710,438	\$ 20,750,448	\$ 16,747,514	\$ 14,892,768	\$ 20,500,326	\$ 26,216,838	\$ 26,410,820	\$ 34,679,123

City of Logan
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Total
2005	\$ 3,586,748	\$11,091,079	\$ 4,406,748	\$ 19,084,575
2006	3,116,869	12,309,046	4,549,254	19,975,169
2007	3,836,056	12,479,950	5,494,567	21,810,573
2008	4,199,800	10,947,503	5,544,044	20,691,347
2009	4,205,723	9,887,453	5,486,849	19,580,025
2010	4,504,947	9,362,208	5,795,555	19,662,710
2011	4,567,407	9,806,929	5,890,063	20,264,399
2012	4,673,902	10,465,884	5,572,982	20,712,768
2013	4,754,948	10,912,488	5,780,106	21,447,542
2014	5,398,314	11,270,803	5,518,641	22,187,758

Note:

FY 2014 Property Tax includes RDA Portion. Prior to FY 2014, it is excluded.

City of Logan
Fund Balances of Governmental Funds
Last Four Fiscal Years
(modified accrual basis of accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General fund				
Nonspendable	\$ 840,464	\$ 243,122	\$ 25,390	\$ 2,506,673
Restricted	4,056,096	4,203,487	3,175,396	3,291,845
Assigned	56,690	165,727	228,877	92,232
Unassigned	5,608,584	5,272,375	5,890,918	4,447,699
Total general fund	<u>\$ 10,561,834</u>	<u>\$ 9,884,711</u>	<u>\$ 9,320,581</u>	<u>\$ 10,338,449</u>
Other governmental funds				
Restricted	\$ 1,984,798	\$ 3,297,096	\$ 4,778,483	\$ 6,533,410
Committed	9,121,795	11,528,605	13,741,316	12,843,304
Total other governmental funds	<u>\$ 11,106,593</u>	<u>\$ 14,825,701</u>	<u>\$ 18,519,799</u>	<u>\$ 19,376,714</u>

Note:

This schedule usually covers the 10 most recent fiscal years; however, since this is the information available as of the implementation year of GASB 54, governments are not required to report prior years.

City of Logan
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 18,014,140	\$ 18,923,516	\$ 20,800,368	\$ 20,375,414	\$ 19,904,197	\$ 20,384,838	\$ 21,188,401	\$ 21,703,563	\$ 24,854,594	\$ 22,187,758
Licenses and permits	884,225	1,444,976	957,844	1,118,841	709,501	743,139	691,361	737,553	817,915	1,072,200
Intergovernmental	4,954,586	4,591,346	4,069,543	3,332,786	5,678,084	4,105,042	3,740,301	3,981,933	5,059,701	8,147,307
Administrative fees	1,783,657	2,961,293	3,265,018	3,458,632	3,798,803	3,387,372	3,660,116	3,634,787	3,721,405	-
Charges for services	4,441,728	4,318,955	3,663,968	3,567,290	3,616,958	3,671,770	3,714,101	3,918,546	3,907,590	4,115,150
Fines	840,504	997,234	1,198,797	1,106,343	1,131,497	1,062,484	961,786	981,672	1,037,283	941,878
Investment earnings	92,415	387,531	837,831	744,760	456,407	397,424	333,489	422,447	323,690	161,142
Miscellaneous	467,084	1,056,537	772,245	791,959	660,266	508,301	635,005	900,672	586,729	1,683,883
Total revenues	31,478,339	34,681,388	35,565,614	34,496,025	35,955,713	34,260,370	34,924,560	36,281,173	40,308,907	38,309,318
Expenditures										
General government	5,453,694	5,611,918	5,667,274	5,776,064	5,326,007	5,567,149	5,732,128	5,371,158	7,566,779	6,095,521
Public safety	9,544,277	9,750,187	10,775,683	11,139,350	14,995,245	12,206,474	12,398,704	12,671,751	12,874,909	13,335,654
Public works	7,678,762	7,891,821	8,587,871	7,307,112	7,277,794	6,927,667	6,793,448	7,182,029	7,469,884	5,192,188
Parks, recreation and culture	5,195,385	5,040,564	5,374,378	5,527,458	5,433,027	5,426,351	5,483,747	5,599,368	5,873,092	5,604,650
Debt service:										
Principal	1,915,658	2,231,709	1,940,785	2,406,557	2,184,881	2,040,273	2,153,371	2,103,709	7,366,125	2,960,198
Interest	1,043,139	770,638	973,628	925,895	850,421	798,514	717,788	637,340	570,632	310,121
Debt issuance cost	-	114,371	36,000	-	-	-	-	-	42,759	-
Capital outlay	3,194,890	2,021,589	3,993,804	5,807,241	9,360,410	2,150,837	1,740,914	3,971,989	5,521,949	6,025,978
Total expenditures	34,025,805	33,432,797	37,349,423	38,889,677	45,427,785	35,117,265	35,020,100	37,537,344	47,286,129	39,524,310
Excess (deficiency) of revenues over (under) expenditures	(2,547,466)	1,248,591	(1,783,809)	(4,393,652)	(9,472,072)	(856,895)	(95,540)	(1,256,171)	(6,977,222)	(1,214,992)
Other Financing sources (uses)										
Transfers in	6,487,977	5,889,587	8,493,503	11,134,628	6,958,446	7,360,633	8,174,916	8,934,742	7,866,916	6,670,565
Transfers out	(4,246,792)	(1,659,684)	(4,416,088)	(7,143,868)	(2,745,166)	(3,158,610)	(4,089,372)	(4,732,659)	(3,177,076)	(3,920,741)
Debt issuance	269,387	7,013,000	3,775,000	275,000	923,634	-	-	-	5,370,000	300,000
Debt premium	-	259,265	-	-	-	-	-	-	-	-
Debt refinancing	-	(6,961,526)	-	-	-	-	-	-	-	-
Sale of capital assets	95,339	1,029,000	167,834	24,073	116,000	370,191	56,285	96,073	47,350	39,951
Total other financing sources and uses	2,605,911	5,569,642	8,020,249	4,289,833	5,252,914	4,572,214	4,141,829	4,298,156	10,107,190	3,089,775
Special item	-	-	(620,966)	-	1,085,251	-	-	-	-	-
Net change in fund balances	\$ 58,445	\$ 6,818,233	\$ 5,615,474	\$ (103,819)	\$ (3,133,907)	\$ 3,715,319	\$ 4,046,289	\$ 3,041,985	\$ 3,129,968	\$ 1,874,783
Debt service as a percentage of noncapital expenditures	9.60%	9.92%	8.85%	10.07%	8.42%	8.61%	8.63%	8.17%	19.11%	9.76%

Note:

In FY 2014, the City began netting administrative fees against the corresponding expenses recorded previously in general government and public works.

**City of Logan
Sales Tax Rates (1)
Direct and Overlapping Governments
Last Ten Fiscal Years**

Fiscal year	City of Logan			Cache County				Total
	Local Option (2)	Transit (3)	Subtotal: Direct Rate	County Option	County Transportation	Botanical, Cultural, Zoo	State of Utah	
2005	1.00%	0.25%	1.25%	0.25%	0.00%	0.10%	4.75%	6.35%
2006	1.00%	0.25%	1.25%	0.25%	0.00%	0.10%	4.75%	6.35%
2007	1.00%	0.25%	1.25%	0.25%	0.00%	0.10%	4.75%	6.35%
2008	1.00%	0.30%	1.30%	0.25%	0.25%	0.10%	4.65%	6.55%
2009	1.00%	0.30%	1.30%	0.25%	0.25%	0.10%	4.70%	6.60%
2010	1.00%	0.30%	1.30%	0.25%	0.25%	0.10%	4.70%	6.60%
2011	1.00%	0.30%	1.30%	0.25%	0.25%	0.10%	4.70%	6.60%
2012	1.00%	0.30%	1.30%	0.25%	0.25%	0.10%	4.70%	6.60%
2013	1.00%	0.30%	1.30%	0.25%	0.25%	0.10%	4.70%	6.60%
2014	1.00%	0.30%	1.30%	0.25%	0.25%	0.10%	4.70%	6.60%

Note:

- 1- Information obtained from the Utah State Tax Commission as of April 1 of fiscal year.
- 2- The City of Logan has adopted the 1 % local option sales tax rate, the maximum allowed by Utah State law.
- 3- The transit tax was approved by majority vote of Logan citizens and is remitted directly from the State of Utah to the Cache Valley Transit District.

City of Logan
Sales Taxpayers by Industry (1)
Current Year and Eight Years Ago (In Hundreds) (2)

Industry (3)	FY 2014		FY 2006	
	Taxable Sales	Percent of Total Sales Tax	Taxable Sales	Percent of Total Sales Tax
Retail	\$ 2,970,702	31.8%	\$ 2,458,050	35.1%
Food Stores	1,338,398	14.3%	862,240	12.3%
Manufacturing	1,222,832	13.1%	1,011,121	14.4%
Services	967,975	10.4%	660,692	9.4%
Eating and Drinking Places	950,976	10.2%	587,379	8.4%
Transportation, Communication, Utilities	458,929	4.9%	402,429	5.7%
Public Administration	248,889	2.7%	181,422	2.6%
Wholesale Trade	260,085	2.8%	226,503	3.2%
Construction	92,286	1.0%	121,228	1.7%
Finance, Insurance, and Real Estate	65,749	0.7%	16,148	0.2%
Other	763,793	8.2%	478,202	6.8%
Total	\$ 9,340,614	100%	\$ 7,005,414	100%

Note:

- 1- Information provided by Utah State Tax Commission.
- 2- FY 2006 was the earliest year available as of the date of the creation of this schedule.
- 3- Utah State law prohibits the disclosure of individual vendor sales tax information.

City of Logan
Sales Tax Generation (1)
Current Year and Eight Years Ago (2)

Sales Tax Ranking Largest to Smallest	FY 2014	FY 2006
	Percent of Taxable Sales	Percent of Taxable Sales
1-10	29.8%	30.6%
11-25	13.3%	18.4%
26-50	11.1%	12.4%
51-100	13.3%	13.0%
101-200	13.3%	12.5%
200+	19.2%	13.1%
Total	100%	100%

Note:

1- Information provided by Utah State Tax Commission.

2- FY 2006 was the earliest year available as of the date of the creation of this schedule.

City of Logan
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Personal	
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases		Income	Per Capita
2005	\$6,555,000	\$13,832,000	\$ 937,074	\$1,640,716	\$24,826,000	\$ -	\$472,371	\$ 48,263,161	4.59%	\$ 1,019
2006	6,820,000	12,878,000	672,365	1,138,375	24,742,000	551,000	489,742	47,291,482	4.23%	992
2007	6,430,000	15,176,000	585,249	1,151,706	22,562,000	850,000	316,114	47,071,069	3.92%	981
2008	6,055,000	13,930,000	532,131	694,267	31,832,000	693,848	277,672	54,014,918	4.23%	1,110
2009	5,670,000	12,635,000	196,181	1,448,970	30,217,000	-	96,645	50,263,796	4.04%	1,015
2010	5,270,000	11,291,000	129,810	1,219,068	27,085,000	-	49,340	45,044,218	3.37%	935
2011	4,845,000	9,894,000	3,465	1,014,042	23,885,000	-	-	39,641,507	2.94%	809
2012	4,395,000	8,398,000	-	859,798	20,982,000	-	-	34,634,798	2.44%	709
2013	3,990,705	7,038,000	-	698,673	19,030,000	727,746	-	31,485,124	2.22%	644
2014	3,482,135	5,491,000	-	70,475	16,530,000	694,507	-	26,268,117	n/a	n/a

Note:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

City of Logan
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (3)
2005	\$ 6,555,000	\$ -	\$ 6,555,000	0.49%	\$ 143
2006	6,820,000	-	6,820,000	0.47%	144
2007	6,430,000	-	6,430,000	0.42%	135
2008	6,055,000	-	6,055,000	0.36%	126
2009	5,670,000	-	5,670,000	0.31%	117
2010	5,270,000	-	5,270,000	0.27%	106
2011	4,845,000	-	4,845,000	0.26%	101
2012	4,395,000	-	4,395,000	0.24%	90
2013	3,990,705	-	3,990,705	0.21%	82
2014	3,482,135	-	3,482,135	0.18%	71

Note:

- 1- Includes all long-term general obligation debt.
- 2- Taxable value is 55% of market value for residences and 100% for commercial property.
- 3- Population data can be found in the Schedule of Demographic Statistics.

City of Logan
Direct and Overlapping Governmental Activities Debt
June 30, 2014

Jurisdiction	Net Outstanding Debt	Percentage Applicable to City of Logan	Amount Applicable to City of Logan
Direct:			
City of Logan	\$ 9,043,610	100%	\$ 9,043,610
Subtotal of Direct Debt			9,043,610
Logan City School District	13,992,500	100%	13,992,500
Cache County	7,255,000	39%	2,829,450
Subtotal of Overlapping Debt			16,821,950
Total Direct and Overlapping Debt			\$ 25,865,560

Note:

- 1- Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments using the percent of assessed taxable property values located within the boundaries of Logan City.

City of Logan
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Legal debt margin:										
Debt limit	\$ 107,169,440	\$ 115,042,650	\$ 122,120,376	\$ 132,994,864	\$ 144,037,018	\$ 155,578,131	\$ 148,678,851	\$ 149,151,461	\$ 153,988,353	\$ 158,096,945
Total net debt applicable to limit	<u>6,555,000</u>	<u>6,820,000</u>	<u>6,430,000</u>	<u>6,055,000</u>	<u>5,670,000</u>	<u>5,270,000</u>	<u>4,845,000</u>	<u>4,395,000</u>	<u>3,920,000</u>	<u>3,482,135</u>
Legal debt margin	<u>\$ 100,614,440</u>	<u>\$ 108,222,650</u>	<u>\$ 115,690,376</u>	<u>\$ 126,939,864</u>	<u>\$ 138,367,018</u>	<u>\$ 150,308,131</u>	<u>\$ 143,833,851</u>	<u>\$ 144,756,461</u>	<u>\$ 150,068,353</u>	<u>\$ 154,614,810</u>
Total net debt applicable to the limit as a percentage of debt limit	6.59%	6.12%	5.93%	5.27%	4.55%	3.94%	3.39%	2.95%	2.55%	2.20%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed valuations:		
Assessed value		\$ 1,976,211,816
Add back: exempt real property		n/a
Total assessed value		<u>1,976,211,816</u>
Legal debt margin		
Debt limitation - 8 percent of total assessed value		158,096,945
Debt applicable to limitation:		
Total bonded debt	3,482,135	
Less: Amount available for repayment of general obligation bonds	<u>-</u>	
Total debt applicable to limitation		<u>3,482,135</u>
Legal debt margin		<u>\$ 154,614,810</u>

**City of Logan
Pledged-Revenue Coverage
Last Ten Fiscal Years**

Water, Sewer, & Solid Waste Bonds

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2005	\$ 18,579,395	\$ 10,000,946	\$ 8,578,449	\$ 1,510,000	\$ 705,428	\$ 2,215,428	3.87
2006	20,386,051	10,479,536	9,906,515	1,688,000	718,103	2,406,103	4.12
2007	23,137,854	12,347,964	10,789,890	1,130,000	617,621	1,747,621	6.17
2008	24,686,528	11,599,101	13,087,427	1,102,000	615,922	1,717,922	7.62
2009	24,577,346	13,267,596	11,309,750	1,464,000	857,482	2,321,482	4.87
2010	24,078,421	13,836,617	10,241,804	1,615,000	820,352	2,435,352	4.21
2011	26,654,845	13,668,244	12,986,601	1,640,000	766,190	2,406,190	5.40
2012	28,518,236	13,650,877	14,867,359	1,658,000	707,295	2,365,295	6.29
2013	29,406,924	13,511,663	15,895,261	1,683,000	646,448	2,329,448	6.82
2014	29,143,603	13,290,938	15,852,665	2,179,000	583,045	2,762,045	5.74

Storm Water Bonds

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2008	\$ 1,097,082	\$ 336,966	\$ 760,116	\$ -	\$ 45,313	\$ 45,313	16.77
2009	1,136,974	473,087	663,887	250,000	115,001	365,001	1.82
2010	1,156,154	442,008	714,146	262,000	104,874	366,874	1.95
2011	1,224,626	394,197	830,429	270,000	94,351	364,351	2.28
2012	2,894,672	400,149	2,494,523	285,000	83,373	368,373	6.77
2013	2,579,434	450,789	2,128,645	295,000	52,316	347,316	6.13
2014	1,960,239	1,164,166	796,073	321,000	22,265	343,265	2.32

Note:

1- Includes operating and non-operating revenues excluding capital contributions and transfers.

2- Includes operating and non-operating expenses excluding depreciation, amortization, and transfers.

City of Logan
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (amounts expressed in Thousands)	Personal Income Per Capita (2)	Median Age	Education Level in Years of Formal Schooling	K-12 School Enrollment	Unemployment Rate (3)
2005	45,816	\$ 999,672	\$ 21,819	n/a	n/a	5,741	4.0%
2006	47,357	1,051,606	22,206	n/a	n/a	5,738	3.0%
2007	47,660	1,117,510	23,448	n/a	n/a	5,820	2.4%
2008	47,965	1,200,760	25,034	n/a	n/a	5,755	2.0%
2009	48,657	1,277,618	26,258	n/a	n/a	6,118	2.7%
2010	49,534	1,242,678	25,071	n/a	n/a	6,123	4.9%
2011	48,174	1,334,697	27,135	n/a	n/a	6,142	5.8%
2012	49,010	1,350,575	27,631	n/a	n/a	6,120	4.4%
2013	48,879	1,418,803	29,027	n/a	n/a	6,063	4.7%
2014	48,913	n/a	n/a	n/a	n/a	5,987	2.9%

Note:

- 1- United States Census Bureau.
- 2- United States Department of Commerce Bureau of Economic Analysis.
- 3- Utah Division of Workforce Services - Cache County.

City of Logan
Principal Employers (1)
Current Year and Nine Years Ago

Company	Product	Fiscal Year 2014			Fiscal Year 2005		
		Number of Employees (Range)	Rank	Percent of Total City Employment	Number of Employees (Range)	Rank	Percent of Total City Employment
Utah State University	Education	5,000-6,999	1	n/a	5,000-6,999	1	n/a
Icon Health and Fitness, Inc.	Exercise equipment	1,000-1,999	2	n/a	3,000-4,999	2	n/a
Logan Regional Hospital	Health care	1,000-1,999	3	n/a	700-999	3	n/a
Conservice, LLC	Scientific & technical service	500-999	4	n/a	n/a	-	n/a
Schreiber Foods, Inc.	Cheese products	500-999	5	n/a	400-499	10	n/a
Thermo Fisher Scientific Inc.	BioGenetic components	250-499	6	n/a	n/a	7	n/a
Budge Clinic	Health care	250-499	7	n/a	n/a	-	n/a
Campbell Scientific Inc.	Manufacturing	250-499	8	n/a	n/a	-	n/a
GE HealthCare Life Sciences	BioGenetic components	250-499	9	n/a	250-499	-	n/a
Gossner Foods, Inc.	Cheese & dairy	250-499	10	n/a	n/a	-	n/a
Moore Business	Business forms	250-499	-	n/a	400-699	5	n/a
Cache Valley Electric	Electronic contractors	-	-	n/a	500-699	6	n/a
Bourns Inc	Electronic components	-	-	n/a	400-699	8	n/a
Sunshine Terrace	Health care	-	-	n/a	250-499	9	n/a
Logan City School District	Education	-	-	n/a	500-999	4	n/a
Total		n/a		n/a	n/a		n/a

Note:

1- Information obtained from the Utah Department of Workforce Services website, jobs.utah.gov.

City of Logan
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	67	67	69	64	64	67	66	64	61	62
Public safety:										
Police:										
Officers/staff	89	80	80	79	80	77	80	81	79	75
Administration	-	11	12	11	13	12	12	10	10	10
Fire:										
Firefighters/officers	47	47	46	48	45	48	48	48	49	50
Administration	2	1	1	1	1	1	1	1	1	1
Parks, recreation and culture	57	54	51	55	52	51	48	44	42	42
Public works:										
Engineering	13	12	14	13	13	12	12	13	13	13
Streets	26	23	26	20	20	20	21	20	21	19
Storm Water		1	1	1	1	1	1	1	1	1
Shops	11	11	11	11	11	11	11	11	11	11
Water/sewer	27	31	33	31	32	33	34	31	31	28
Environmental health	46	52	59	52	53	55	55	56	57	59
Electric	32	34	33	31	29	28	28	28	30	30
Total	<u>417</u>	<u>424</u>	<u>436</u>	<u>417</u>	<u>414</u>	<u>416</u>	<u>417</u>	<u>408</u>	<u>406</u>	<u>401</u>

Note:

1- Information obtained from Human Resources.

**City of Logan
Operating Indicators
Last Ten Fiscal Years**

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Parks, recreation and culture:										
Libraries	1	1	1	1	1	1	1	1	1	1
Volumes	169,488	173,493	177,772	181,694	185,770	192,916	203,091	216,184	231,433	231,605
Municipal water department:										
Number of service connections	16,415	16,123	16,512	16,971	17,033	17,423	18,099	17,500	17,564	17,217
Consumption in gallons	3,074,170,000	3,455,723,000	3,786,876,000	3,681,472,000	3,592,309,000	3,351,761,000	3,192,865,000	3,192,272,000	3,642,375,000	3,372,342,000
Sewer system:										
Number of service connections	15,154	16,079	16,153	15,135	15,334	15,647	15,809	16,506	16,605	16,296
Miles of sewer lines	135	141	143	145	149	151	155	152	154	154
Municipal electric department:										
Number of service connections	17,400	17,527	18,108	18,179	18,354	18,571	18,638	18,129	18,271	18,019
Kilowatt hours consumed	402,499,000	419,299,598	426,326,000	419,657,000	434,143,463	400,318,341	392,866,267	400,214,630	422,147,620	410,122,735
Miles of distribution lines	199	216	216	216	225	225	230	231	231	215
Solid waste and disposal department:										
Number of city users	15,048	15,610	13,321	13,952	14,321	14,312	14,792	14,783	18,700	11,576
Number of county users	15,309	15,754	17,025	17,558	17,794	18,301	18,572	18,900	20,041	14,429
Cubic yards of garbage received	177,135	188,740	161,189	157,547	150,763	141,637	150,698	143,011	157,296	164,320
Building permits issued	433	411	417	406	345	358	369	539	569	527

Note:

1- Information obtained from various City departments.

City of Logan
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	2	2	2	2	2	2	2	2	3	3
Highways and streets:										
Streets (miles)	136	136	138	144	145	147	147	146	145	145
Parks, recreation and culture:										
Parks	38	38	39	39	39	39	39	39	39	40
Libraries	1	1	1	1	1	1	1	1	1	1
Volumes	169,488	173,493	177,772	181,694	185,770	192,916	203,091	216,184	231,433	231,605
Water:										
Water mains (miles)	n/a	n/a	n/a	n/a	174	176	179	180	184	186
Sewer:										
Sewer lines (miles)	135	141	143	145	149	151	155	152	154	154
Electric:										
Services lines (miles)	199	216	216	216	225	225	230	231	231	215

Note:

1- Information obtained from various City departments.

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Single Audit Section

City of Logan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Pass Through Grant No.	Program or Award Amount	Disbursements/ Expenditures
U.S. Department of Housing and Urban Development (HUD)				
Community Development Block Grant	14.218	B-10-MC-49-00011	\$ 640,557	\$ 23,750
Community Development Block Grant	14.218	B-11-MC-49-00011	500,500	24,330
Community Development Block Grant	14.218	B-12-MC-49-00011	541,920	106,315
Community Development Block Grant	14.218	B-13-MC-49-00011	482,244	230,955
Total HUD			<u>2,165,221</u>	<u>385,350</u>
U.S. Department of Justice (DOJ)				
Bulletproof Vest Partnership Program	16.607	Bulletproof Vest Grant	4,740	4,740
Passed through the State of Utah Dept of Public Safety/ Highway Safety Office:				
Youth Alcohol Grant 2011	16.727	JJP2011 J1108	9,975	823
Passed through the State of Utah Commission on Criminal and Juvenile Justice:				
State Task Force Grant	16.738	14F03	88,749	85,233
Justice Assistance Grant - Crime Scene Van	16.738	13A	7,500	7,500
Total DOJ			<u>110,964</u>	<u>98,296</u>
U.S. Department of Transportation/National Highway Traffic Safety Administration (NHTSA)				
Passed through the State of Utah Dept of Public Safety/ Highway Safety Office:				
Distracted Driving Program 2013	20.600	HS-2013-Logan PD-00129	13,006	13,006
Distracted Driving Program 2014	20.600	HS-2014-Logan PD-00005	14,000	7,362
Operation Crosswalk Enforcement	20.600	FY14	6,220	6,220
Youth Alcohol Education, Prevention, & Enforcement	20.601	HS-Logan PD-2013-00073	5,000	5,000
Total NHTSA			<u>38,226</u>	<u>31,588</u>
U.S. Department of Health and Human Services (HHS)				
Passed through the Utah Department of Workforce Services:				
FY14 Aspire Kids Grant - Bridger Elementary	93.575	130121	31,000	31,000
FY14 Aspire Kids Grant - Ellis Elementary	93.575	130122	31,000	31,000
FY14 Aspire Kids Grant - Woodruff Elementary	93.575	130123	31,000	31,000
CCDF Match Partnership Grant	93.575	FY14	32,730	32,198
Total HHS			<u>125,730</u>	<u>125,198</u>
U.S. Department of Homeland Security/Federal Emergency Management Agency (HLS/FEMA)				
Passed through the Utah Department of Public Safety's Division of Emergency Management:				
Emergency Management Performance Grant	97.042	EMPG-2013	11,000	11,000
LETP Radio Encryption Grant	97.067	DES-2012-SHSP-001	26,813	26,808
Total HLS/FEMA			<u>37,813</u>	<u>37,808</u>
Total Federal Awards			<u>\$ 2,477,954</u>	<u>\$ 678,240</u>

CITY OF LOGAN
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 – Purpose of the Schedule

The Schedule of Expenditures of Federal Awards (the Schedule) is a supplementary schedule to the basic financial statements. The Schedule is required by the U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

Note 2 – Significant Accounting Policies

Basis of Accounting

The information in the schedule is presented in accordance with OMB Circular A-133. The Schedule is prepared using the same accounting policies and basis of accounting as the basic financial statements.

CFDA Numbers

OMB Circular A-133 requires the Schedule to show the total expenditures for each of the entity's federal awards as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Each program included in the CFDA is assigned a five-digit program identification number (CFDA number).

Major Programs

OMB Circular A-133 establishes the levels of expenditures or expenses and other criteria to be used in defining major federal financial assistance. The federal award tested as a major program was CFDA number 14.218.

Note 3 – Loans

As of June 30, 2014, the City held federally-funded loan balances as follows:

<u>CFDA #</u>	<u>Program</u>	<u>Balance</u>
66.468	Capitalization Grants for Drinking Water	\$3,338,000
66.468	Capitalization Grants for Drinking Water	\$2,122,000

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Hansen, Bradshaw, Malmrose & Erickson

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Logan, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Logan, Utah ("the City") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 20, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

October 20, 2014

Hansen, Bradshaw, Malmrose & Erickson

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Logan, Utah

Compliance

We have audited the compliance of City of Logan, Utah ("the City") with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the entity's management.

Auditors' Responsibility

Our responsibility is to express an opinion on the City's compliance with the applicable compliance requirements based on our compliance audit.

We conducted our compliance audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and Circular A-133 require that we plan and perform the compliance audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. A compliance audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our compliance audit provides a reasonable basis for our opinion. Our compliance audit does not provide a legal determination on the City's compliance with those requirements.

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Opinion

In our opinion, the City of Logan, Utah complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our compliance audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing our compliance auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance. Accordingly, this report is not suitable for any other purpose.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

October 20, 2014

City of Logan
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

A. Summary of Auditors' Results:

- | | | |
|----|--|---------------|
| 1. | Type of Report Issued: | Unmodified |
| 2. | Internal Control over Financial Reporting: | |
| | Material Weaknesses Identified: | No |
| | Significant Deficiencies Identified that were not Considered to be Material Weaknesses: | No |
| 3. | Non-compliance Material to Financial Statements Noted: | No |
| 4. | Internal Control over Major Programs: | |
| | Material Weaknesses Identified: | No |
| | Significant Deficiencies Identified that were not Considered to be Material Weaknesses: | None reported |
| 5. | Type of Auditors' Report Issued on Compliance for Major Programs: | Unmodified |
| 6. | Any Audit Findings Disclosed That Are Required to be Reported in Accordance With Section 510(d) of Circular A-133: | None |
| 7. | Federal Programs Tested as Major Programs: | CFDA 14.218 |
| 8. | Dollar Threshold Used to Distinguish Between Type A and Type B Programs: | \$ 300,000 |
| 9. | Auditee Qualification as High or Low Risk: | Low |

B. Findings Related to the Financial Statements Required to be Reported in Accordance with Government Auditing Standards.

None

C. Findings and Questioned Costs Related to Federal Awards Required to be Reported in Accordance with OMB Circular A-133

None

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State Compliance Section

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROLS OVER COMPLIANCE IN ACCORDANCE WITH THE STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Logan, Utah

Compliance

We have audited the City of Logan, Utah's ("the City") compliance with the general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2014.

The general compliance requirements applicable to the City are identified as follows:

Cash Management	Transfers from Utility Enterprise Funds
Budgetary Compliance	Locally Generated Taxes and Fees
Fund Balance	Government Records Access
Justice Courts	Management Act
Impact Fees	Conflicts of Interest
Utah Retirement Systems Compliance	Open and Public Meetings Act

The City received the following major assistance programs from the State of Utah:

B & C Road Funds (Department of Transportation)

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the City's management.

Auditors' Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards and the *State of Utah Legal Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the City and its major programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion

In our opinion, the City of Logan, Utah, complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

October 20, 2014

City of Logan
Schedule of Expenditures of Utah State Grants, Contracts, and Loan Funds
For the Year Ended June 30, 2014

Grants Name	Award/ Contract No.	Year of Last Audit	Disbursements/ Expenditures
State of Utah Commission on Criminal and Juvenile Justice (CCJJ)			
State Asset Forfeiture Grant (SAFG)	14N58		\$ 4,442
Total Utah Commission on Criminal and Juvenile Justice			4,442
The Office of the Utah Attorney General			
Internet Crimes Against Children (ICAC)	FY14		11,959
Total Office of the Utah Attorney General			11,959
Utah Department of Health			
911 EMS Grant	FY14		1,237
Total Utah Department of Health			1,237
Utah Substance Abuse Advisory (USAAV) Council			
Beer Tax Funds - Alcohol Enforcement	FY14		37,025
Total Utah Substance Abuse Advisory (USAAV) Council			37,025
Utah Department of Transportation (UDOT)			
Class C Road Funds	FY14	FY2013	1,319,967
Total Utah Department of Transportation			1,319,967
Utah Department of Heritage and Arts, Utah State Library Division			
Community Library Enhancement Fund (CLEF)	USL14-0110		14,136
LSTA Technology Grant	USL14-0057		4,591
ARSL Conference Grant	USL13-0232		1,474
Total Utah Department of Heritage and Arts			20,201
Utah Department of Workforce Services			
Housing & Community Development Division			
Willow Park Zoo	GF14-ZOOS		54,400
Total Utah Department of Workforce Services			54,400
Total State Awards			\$ 1,449,231