



Certified Public Accountants, A.C.

**LOGAN COUNTY LIBRARIES  
LOGAN COUNTY  
Regular Audit  
For the Years Ended December 31, 2018 and 2017**

313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
740 695 1569

1310 Market St., #300  
Wheeling, WV 26003  
304 232 1358

749 Wheeling Ave., #300  
Cambridge, OH 43725  
740 435 3417



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

Board of Trustees  
Logan County Libraries  
220 North Main Street  
Bellefontaine, Ohio 43311

We have reviewed the *Independent Auditor's Report* of the Logan County Libraries, Logan County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 13, 2019

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LOGAN COUNTY LIBRARY  
LOGAN COUNTY

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313 Second St.  
Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

150 West Main St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market St., Suite 300  
Wheeling, WV 26003  
304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740.435.3417

## INDEPENDENT AUDITOR'S REPORT

July 16, 2019

Logan County Libraries  
Logan County  
220 North Main Street  
Bellefontaine, OH 43311

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Logan County Libraries**, Logan County, (the Library) as of and for the years ended December 31, 2018 and 2017.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

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***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Library does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2018 and 2017, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements by fund type, and related notes of the Logan County Libraries, Logan County as of December 31, 2018 and 2017, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2019, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**LOGAN COUNTY LIBRARIES**  
**LOGAN COUNTY**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Cash Receipts</b>			
Public Library	\$ 1,295,577	\$ -	\$ 1,295,577
Intergovernmental	19,407	6,711	26,118
Patron Fines and Fees	4,551	-	4,551
Contributions, Gifts and Donations	4,331	-	4,331
Earnings on Investments	71	10,389	10,460
Miscellaneous	16,285	-	16,285
<i>Total Cash Receipts</i>	<u>1,340,222</u>	<u>17,100</u>	<u>1,357,322</u>
<b>Cash Disbursements</b>			
Current:			
Library Services			
Public Services and Programs	986,658	-	986,658
Collection Development and Processing	123,431	-	123,431
Support Services			
Facilities Operation and Maintenance	88,872	-	88,872
Information Services	44,015	-	44,015
Business Administration	119	-	119
Other	24,096	-	24,096
Capital Outlay	43,522	51,967	95,489
<i>Total Cash Disbursements</i>	<u>1,310,713</u>	<u>51,967</u>	<u>1,362,680</u>
Net Change in Fund Cash Balances	<u>29,509</u>	<u>(34,867)</u>	<u>(5,358)</u>
<i>Fund Cash Balances, January 1</i>	<u>355,178</u>	<u>659,897</u>	<u>1,015,075</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	625,030	625,030
Assigned	384,687	-	384,687
<i>Fund Cash Balances, December 31</i>	<u>\$ 384,687</u>	<u>\$ 625,030</u>	<u>\$ 1,009,717</u>

See accompanying notes to the financial statements.

**LOGAN COUNTY LIBRARIES**  
**LOGAN COUNTY**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)**  
**FIDUCIARY FUND TYPE**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Private Purpose Trust</b>
<b>Operating Cash Receipts</b>	
Earnings on Investments	\$ 1,492
<i>Total Operating Cash Receipts</i>	1,492
<b>Operating Cash Disbursements</b>	
Library Materials and Information	8,355
Others	462
<i>Total Operating Cash Disbursements</i>	8,817
Net Change in Fund Cash Balances	(7,325)
<i>Fund Cash Balances, January 1</i>	135,444
<i>Fund Cash Balances, December 31</i>	\$ 128,119

See accompanying notes to the financial statements.

**Logan County Libraries**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 1 – Reporting Entity**

The Logan County Libraries (the Library), Logan County, is body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Logan County Board of County Commissioners appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

***Public Entity Risk Pools***

The Library participates in Ohio Plan Risk Management, Inc., which is a public entity risk pool that provide property, liability, and errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine, and other coverages to its members. Note 6 to the financial statements provides additional information for these entities.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Library's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Library are presented below:

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

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant capital project funds:

***Capital Projects Fund*** – This fund receives interest earned on fund balances and donations and is used for building construction and repair.

***Private-Purpose Trust Funds***

Private-purpose trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Library's own programs.

The Library's private purpose trust funds are for the benefit of certain individuals to receive scholarships for attending an Ohio accredited college and materials for the Library.

**Logan County Libraries**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e, when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-02-03 (D) permit.

***Budgetary Process***

The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund, function, and object level of control.

A summary of 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not report these items as assets.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**Logan County Libraries**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Fund Balance (Continued)**

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

**Committed** The Board of Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Library Board or a Library official delegated that authority by resolution, or by State Statute.

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

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,313,897	\$ 1,340,222	\$ 26,325
Capital Projects	3,500	17,100	13,600
Private Purpose Trust	500	1,492	992
Total	\$ 1,317,897	\$ 1,358,814	\$ 40,917

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,671,657	\$ 1,310,713	\$ 360,944
Capital Projects	663,397	51,967	611,430
Private Purpose Trust	135,944	8,817	127,127
Total	\$ 2,470,998	\$ 1,371,497	\$ 1,099,501

**Logan County Libraries**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

**Note 4 – Deposits and Investments**

The Library maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2018
Demand deposits	\$ 306,286
Other time deposits (savings and NOW accounts)	249,776
Total deposits	556,062
STAR Ohio	581,774
Total investments	581,774
Total deposits and investments	\$ 1,137,836

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

***Investments***

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**Note 5 – Grants in Aid**

***Grants in Aid***

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State’s general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figure were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

**Note 6 – Risk Management**

The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

**Logan County Libraries**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

**Note 6 – Risk Management (Continued)**

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

*Plan members are responsible* to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017 (the latest information available).

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members’ Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Library’s employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributes 10%, of their gross salaries and the Library contributed an amount equaling 14% of participants’ gross salaries. The Library has paid all contributions required through December 31, 2018.

**Note 8 -Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plan, which include multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for member in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

**Logan County Libraries**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

**Note 9 – Leases**

In December 2016, the Library renewed an existing operating lease for two copiers. The lease is for five years ending in December 2020. The Library disbursed \$14,052 to pay lease costs for the year ended December 31, 2018, leaving a remaining balance of \$24,461.



**LOGAN COUNTY LIBRARIES**  
**LOGAN COUNTY**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Cash Receipts</b>			
Public Library	\$ 1,245,549	\$ -	\$ 1,245,549
Intergovernmental	42,664	36,300	78,964
Patron Fines and Fees	7,430	-	7,430
Contributions, Gifts and Donations	8,046	-	8,046
Earnings on Investments	66	4,072	4,138
Miscellaneous	17,108	-	17,108
<i>Total Cash Receipts</i>	<u>1,320,863</u>	<u>40,372</u>	<u>1,361,235</u>
<b>Cash Disbursements</b>			
Current:			
Library Services			
Public Services and Programs	925,449	-	925,449
Collection Development and Processing	117,835	-	117,835
Support Services			
Facilities Operation and Maintenance	85,328	-	85,328
Information Services	50,369	-	50,369
Business Administration	201	-	201
Other	25,336	-	25,336
Capital Outlay	51,310	40,001	91,311
<i>Total Cash Disbursements</i>	<u>1,255,828</u>	<u>40,001</u>	<u>1,295,829</u>
Net Change in Fund Cash Balances	<u>65,035</u>	<u>371</u>	<u>65,406</u>
<i>Fund Cash Balances, January 1</i>	<u>290,143</u>	<u>659,526</u>	<u>949,669</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	1,947	659,897	661,844
Assigned	353,231	-	353,231
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 355,178</u></u>	<u><u>\$ 659,897</u></u>	<u><u>\$ 1,015,075</u></u>

See accompanying notes to the financial statements.

**LOGAN COUNTY LIBRARIES**  
**LOGAN COUNTY**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)**  
**FIDUCIARY FUND TYPE**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>Private Purpose Trust</b>
<b>Operating Cash Receipts</b>	
Earnings on Investments	\$ 583
<i>Total Operating Cash Receipts</i>	583
<b>Operating Cash Disbursements</b>	
Library Materials and Information	15,905
<i>Total Operating Cash Disbursements</i>	15,905
Net Change in Fund Cash Balances	(15,322)
<i>Fund Cash Balances, January 1</i>	150,766
<i>Fund Cash Balances, December 31</i>	\$ 135,444

See accompanying notes to the financial statements.

**Logan County Libraries**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 1 – Reporting Entity**

The Logan County Libraries (the Library), Logan County, is body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Logan County Board of County Commissioners appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

***Public Entity Risk Pools***

The Library participates in Ohio Plan Risk Management, Inc., which is a public entity risk pool that provide property, liability, and errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine, and other coverages to its members. Note 6 to the financial statements provides additional information for these entities.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Library's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Library are presented below:

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

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant capital project funds:

***Capital Projects Fund*** – This fund receives interest earned on fund balances and donations and is used for building construction and repair.

***Private-Purpose Trust Funds***

Private-purpose trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Library's own programs.

The Library's private purpose trust funds are for the benefit of certain individuals to receive scholarships for attending an Ohio accredited college and materials for the Library.

**Logan County Libraries**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e, when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-02-03 (D) permit.

***Budgetary Process***

The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund, function, and object level of control.

A summary of 2017 budgetary activity appears in Note 3.

***Deposits and Investments***

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not report these items as assets.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**Logan County Libraries**  
 Logan County  
 Notes to the Financial Statements  
 For the Year Ended December 31, 2017  
 (Continued)

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Fund Balance (Continued)**

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

**Committed** The Board of Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Library Board or a Library official delegated that authority by resolution, or by State Statute.

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

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,671,255	\$ 1,320,863	\$ (350,392)
Capital Projects	1,800	40,372	38,572
Private Purpose Trust	350	583	233
Total	<u>\$ 1,673,405</u>	<u>\$ 1,361,818</u>	<u>\$ (311,587)</u>

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,677,047	\$ 1,255,828	\$ 421,219
Capital Projects	661,326	40,001	621,325
Private Purpose Trust	142,323	15,905	126,418
Total	<u>\$ 2,480,696</u>	<u>\$ 1,311,734</u>	<u>\$ 1,168,962</u>

**Logan County Libraries**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

**Note 4 – Deposits and Investments**

The Library maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2017
Demand deposits	\$ 504,056
Other time deposits (savings and NOW accounts)	143,363
Total deposits	647,419
STAR Ohio	503,100
Total investments	503,100
Total deposits and investments	\$1,150,519

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

***Investments***

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**Note 5 – Grants in Aid**

***Grants in Aid***

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figure were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

**Logan County Libraries**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

**Note 6 – Risk Management**

The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2017.

*Plan members are responsible* to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members’ Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Library’s employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributes 10%, of their gross salaries and the Library contributed an amount equaling 14% of participants’ gross salaries. The Library has paid all contributions required through December 31, 2017.

**Logan County Libraries**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

**Note 9 – Leases**

In December 2016, the Library renewed an existing operating lease for two copiers. The lease is for five years ending in December 2020. The Library paid lease costs for the year ended December 31, 2017, with a remaining balance of \$38,513.





313 Second St.  
Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

150 West Main St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market St., Suite 300  
Wheeling, WV 26003  
304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740.435.3417

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

July 16, 2019

Logan County Libraries  
Logan County  
220 North Main Street  
Bellefontaine, OH 43311

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of **Logan County Libraries**, Logan County, (the Library) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated July 16, 2019, wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant accompanying schedule of audit findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

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**Compliance and Other Matters**

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

We did note certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated July 16, 2019.

**Entity's Response to Findings**

The Library's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Library's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

LOGAN COUNTY LIBRARIES  
LOGAN COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2018-001

**Material Weakness**

**Cash Reconciliations – Payroll Clearing Account**

A necessary step in the internal control over financial reporting is to reconcile the bank balance to the accounting record's cash balance. Bank reconciliation means accounting for the differences between the bank statement's balances and the cash balances according to the entity's records at a specific point in time.

During 2018 and 2017, our testing revealed the payroll clearing account had outstanding balances each month and was not being properly reconciled on a monthly basis. The payroll clearing account should have a \$0 book balance.

The Library should perform and complete monthly bank reconciliations in a timely manner. All unreconciled differences should be resolved as quickly as possible so they are not carried forward month-to-month and all reconciling matters should be appropriately documented.

**Management's Response** – After speaking with Nathan we agreed that since the payroll balance is reported to the board each month along with the general fund we (the library) would just transfer any remaining balances left in the payroll account back to the general fund at the end of Dec once all expenditures were paid leaving a zero balance to start January.

Reconciliation will be done on a separate sheet and attached to the monthly statements going forward so that it is easier for the auditors to trace outstanding checks. Currently the reconciliation is done in a check book.

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# OHIO AUDITOR OF STATE KEITH FABER



**LOGAN COUNTY LIBRARIES**

**LOGAN COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 26, 2019**