



Mary Taylor, CPA
Auditor of State

LOGAN COUNTY DISTRICT LIBRARY
LOGAN COUNTY

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Mary Taylor, CPA

Auditor of State

Logan County District Library
Logan County
220 North Main Street
Bellefontaine, Ohio 43311

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Mary Taylor, CPA
Auditor of State

October 10, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Logan County District Library
Logan County
220 North Main Street
Bellefontaine, Ohio 43311

To the Library Board of Trustees:

We have audited the accompanying financial statements of the Logan County District Library, Logan County, (the Library) as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require the Library to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Logan County District Library, Logan County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2007, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 10, 2007

**LOGAN COUNTY DISTRICT LIBRARY
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>All Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Private Purpose Trust Funds</u>	
Cash Receipts:					
Library and Local Government Support	\$1,486,372				\$1,486,372
Patron Fines and Fees	41,988				41,988
Contributions, Gifts and Donations	2,674				2,674
Earnings on Investments	35,361	\$243	\$60,539	\$1,779	97,922
Miscellaneous	2,724				2,724
Total Cash Receipts	<u>1,569,119</u>	<u>243</u>	<u>60,539</u>	<u>1,779</u>	<u>1,631,680</u>
Cash Disbursements:					
Current:					
Salaries	862,340				862,340
Employee Fringe Benefits	99,292				99,292
Purchased and Contractual Services	225,758				225,758
Library Materials and Information	238,562				238,562
Supplies	68,135				68,135
Other	6,625			3,000	9,625
Capital Outlay	113,968		66,403		180,371
Total Cash Disbursements	<u>1,614,680</u>		<u>66,403</u>	<u>3,000</u>	<u>1,684,083</u>
Total Receipts Over/(Under) Disbursements	<u>(45,561)</u>	<u>243</u>	<u>(5,864)</u>	<u>(1,221)</u>	<u>(52,403)</u>
Fund Cash Balances, January 1	<u>864,337</u>	<u>20,319</u>	<u>1,446,084</u>	<u>81,890</u>	<u>2,412,630</u>
Fund Cash Balances, December 31	<u><u>\$818,776</u></u>	<u><u>\$20,562</u></u>	<u><u>\$1,440,220</u></u>	<u><u>\$80,669</u></u>	<u><u>\$2,360,227</u></u>

The notes to the financial statements are an integral part of this statement.

**LOGAN COUNTY DISTRICT LIBRARY
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	All Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Private Purpose Trust Funds	
Cash Receipts:					
Library and Local Government Support	\$1,486,372				\$1,486,372
Patron Fines and Fees	38,955				38,955
Contributions, Gifts and Donations	2,008	\$20,100	\$10,000		32,108
Earnings on Investments	21,196	219	48,030	\$3,115	72,560
Miscellaneous	150				150
Total Cash Receipts	<u>1,548,681</u>	<u>20,319</u>	<u>58,030</u>	<u>3,115</u>	<u>1,630,145</u>
Cash Disbursements:					
Current:					
Salaries	784,413				784,413
Employee Fringe Benefits	90,622				90,622
Purchased and Contractual Services	227,820				227,820
Library Materials and Information	229,934				229,934
Supplies	58,596				58,596
Other	6,417			2,500	8,917
Capital Outlay	79,059		46,264		125,323
Total Cash Disbursements	<u>1,476,861</u>		<u>46,264</u>	<u>2,500</u>	<u>1,525,625</u>
Total Receipts Over/(Under) Disbursements	<u>71,820</u>	<u>20,319</u>	<u>11,766</u>	<u>615</u>	<u>104,520</u>
Fund Cash Balances, January 1	<u>792,517</u>		<u>1,434,318</u>	<u>81,275</u>	<u>2,308,110</u>
Fund Cash Balances, December 31	<u><u>\$864,337</u></u>	<u><u>\$20,319</u></u>	<u><u>\$1,446,084</u></u>	<u><u>\$81,890</u></u>	<u><u>\$2,412,630</u></u>

The notes to the financial statements are an integral part of this statement.

**LOGAN COUNTY DISTRICT LIBRARY
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Logan County District Library, Logan County, (the Library) as a body corporate and politic. The Logan County Board of County Commissioners and the Logan County Court of Common Pleas appoint a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library 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 Auditor of State prescribes or permits.

C. Cash 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.

The Library values certificates of deposit at cost.

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund.

West Mansfield Branch Library Trust Fund - This fund accounts for donated monies and interest earned to be used for the purpose of the West Mansfield Branch Library.

**LOGAN COUNTY DISTRICT LIBRARY
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project fund.

Capital Project Fund – This fund receives interest earned and is used for building construction and repair.

4. 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 fund is for the benefit of graduating high school students.

E. Budgetary Process

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

A summary of 2006 and 2005 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2006</u>	<u>2005</u>
Demand deposits	\$1,446,566	\$2,014,250
Certificates of deposit	913,661	398,380
Total deposits	<u>\$2,360,227</u>	<u>\$2,412,630</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**LOGAN COUNTY DISTRICT LIBRARY
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,527,122	\$1,569,119	\$41,997
Special Revenue	395	243	(152)
Capital Project	125,100	60,539	(64,561)
Private Purpose Trust	3,100	1,779	(1,321)
Total	<u>\$1,655,717</u>	<u>\$1,631,680</u>	<u>(\$24,037)</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,391,459	\$1,614,680	\$776,779
Special Revenue	20,715	0	20,715
Capital Project	1,571,184	66,403	1,504,781
Private Purpose Trust	84,989	3,000	81,989
Total	<u>\$4,068,347</u>	<u>\$1,684,083</u>	<u>\$2,384,264</u>

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,509,089	\$1,548,681	\$39,592
Special Revenue	20,446	20,319	(127)
Capital Project	110,100	58,030	(52,070)
Private Purpose Trust	1,500	3,115	1,615
Total	<u>\$1,641,135</u>	<u>\$1,630,145</u>	<u>(\$10,990)</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,301,606	\$1,476,861	\$824,745
Special Revenue	20,446	0	20,446
Capital Project	1,544,418	46,264	1,498,154
Private Purpose Trust	82,775	2,500	80,275
Total	<u>\$3,949,245</u>	<u>\$1,525,625</u>	<u>\$2,423,620</u>

4. GRANTS-IN-AID

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

**LOGAN COUNTY DISTRICT LIBRARY
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

5. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9 and 8.5%, respectively, of their gross salaries and the Library contributed an amount equaling 13.7 and 13.55%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2006.

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions.

The Library also provided health insurance to employees through a private carrier.



Mary Taylor, CPA

Auditor of State

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

Logan County District Library
Logan County
220 North Main Street
Bellefontaine, Ohio 43311

To the Library Board of Trustees:

We have audited the financial statements of the Logan County District Library, Logan County, (the Library) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated October 10, 2007, wherein we noted the Library prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

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

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

However, we noted a certain noncompliance matter not requiring inclusion in this report that we reported to the Library's management in a separate letter dated October 10, 2007.

We intend this report solely for the information and use of the management and the Library Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

October 10, 2007



Mary Taylor, CPA
Auditor of State

LOGAN COUNTY DISTRICT LIBRARY

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
NOVEMBER 13, 2007