



Mary Taylor, CPA
Auditor of State

**LOGAN-HOCKING COUNTY DISTRICT LIBRARY
HOCKING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Fund Types - For the Year Ended December 31, 2008.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2007.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13

This page intentionally left blank.



Mary Taylor, CPA
Auditor of State

Logan-Hocking County District Library
Hocking County
230 East Main Street
Logan, Ohio 43138

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 17, 2009

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Logan-Hocking County District Library
Hocking County
230 East Main Street
Logan, Ohio 43138

To the Board of Trustees:

We have audited the accompanying financial statements of the Logan-Hocking County District Library, Hocking County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007. 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 libraries 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, 2008 and 2007 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, 2008 and 2007, 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 combined fund cash balances of the Logan-Hocking County District Library, Hocking County, as of December 31, 2008 and 2007, 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 August 17, 2009, 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 17, 2009

LOGAN-HOCKING COUNTY DISTRICT LIBRARY
HOCKING COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	All Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Library and Local Government Support	\$ 986,895	\$	\$	\$	\$ 986,895
Patron Fines and Fees	40,783				40,783
Contributions, Gifts and Donations	300				300
Earnings on Investments	118,288				118,288
Miscellaneous	13,671	12,825			26,496
Total Cash Receipts	1,159,937	12,825	0	0	1,172,762
Cash Disbursements:					
Current:					
Salaries	308,202				308,202
Employee Fringe Benefits	115,967				115,967
Purchased and Contractual Services	109,457	10,354			119,811
Library Materials and Information	261,236				261,236
Supplies	41,082				41,082
Other	3,808				3,808
Capital Outlay	12,506		476,299		488,805
Total Cash Disbursements	852,258	10,354	476,299	0	1,338,911
Total Cash Receipts Over/(Under) Cash Disbursements	307,679	2,471	(476,299)	0	(166,149)
Other Financing Receipts/(Disbursements):					
Transfers-In			900,000		900,000
Transfers-Out	(900,000)				(900,000)
Total Other Financing Receipts/(Disbursements)	(900,000)	0	900,000	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(592,321)	2,471	423,701	0	(166,149)
Fund Cash Balances, January 1	1,125,684	69,521	1,536,250	5,747	2,737,202
Fund Cash Balances, December 31	\$ 533,363	\$ 71,992	\$ 1,959,951	\$ 5,747	\$ 2,571,053

**LOGAN-HOCKING COUNTY DISTRICT LIBRARY
HOCKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>All Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Library and Local Government Support	\$ 1,003,084	\$	\$	\$	\$ 1,003,084
Patron Fines and Fees	40,622				40,622
Contributions, Gifts and Donations	1,255				1,255
Earnings on Investments	130,802				130,802
Miscellaneous	12,866	18,475			31,341
	<u>1,188,629</u>	<u>18,475</u>	<u>0</u>	<u>0</u>	<u>1,207,104</u>
Cash Disbursements:					
Current:					
Salaries	300,993				300,993
Employee Fringe Benefits	116,289				116,289
Purchased and Contractual Services	99,190	10,525			109,715
Library Materials and Information	246,923				246,923
Supplies	40,017				40,017
Other	3,815				3,815
Capital Outlay	14,669		47,271		61,940
	<u>821,896</u>	<u>10,525</u>	<u>47,271</u>	<u>0</u>	<u>879,692</u>
Total Cash Disbursements	<u>821,896</u>	<u>10,525</u>	<u>47,271</u>	<u>0</u>	<u>879,692</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>366,733</u>	<u>7,950</u>	<u>(47,271)</u>	<u>0</u>	<u>327,412</u>
Other Financing Receipts / (Disbursements):					
Transfers-In			650,000		650,000
Transfers-Out	(650,000)				(650,000)
	<u>(650,000)</u>				<u>(650,000)</u>
Total Other Financing Receipts / (Disbursements)	<u>(650,000)</u>	<u>0</u>	<u>650,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(283,267)	7,950	602,729	0	327,412
Fund Cash Balances, January 1	1,408,951	61,571	933,521	5,747	2,409,790
Fund Cash Balances, December 31	<u>\$ 1,125,684</u>	<u>\$ 69,521</u>	<u>\$ 1,536,250</u>	<u>\$ 5,747</u>	<u>\$ 2,737,202</u>

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

**LOGAN-HOCKING COUNTY DISTRICT LIBRARY
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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-Hocking County District Library, Hocking County, Ohio (the Library), as a body corporate and politic. The Library is directed by a seven-member Board of Trustees appointed by staggered seven year terms with three appointed by the Common Pleas Judge and four appointed by the County Commissioners. 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. 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.

The Library values certificates of deposit and common stock at cost or fair value when donated. Money market mutual funds are recorded at share values the mutual funds report.

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 Fund

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 Special Revenue Fund:

**LOGAN HOCKING COUNTY DISTRICT LIBRARY
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

Rental Fund – This fund receives rent receipts from tenants and is used to pay for repairs to those properties.

3. Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or permanent funds). The Library had the following Capital Project Fund:

Building Fund – The revenue for this fund is derived from contributions, donations and transfers from the General Fund to be used for future building improvements.

4. Permanent Fund

This fund accounts for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Library's programs. The Library had the following Permanent Fund:

Dudley Ridge Oil Trust Fund – This fund accounts for stocks which were donated to the Library. Dividends earned by the stock are credited to the General Fund.

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 2008 and 2007 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 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:

**LOGAN HOCKING COUNTY DISTRICT LIBRARY
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

2. Equity in Pooled Deposits and Investments (Continued)

	2008	2007
Demand deposits	\$ 109,183	\$ 104,131
Petty cash	100	100
Escrow and money market	694,667	467,598
Certificates of deposit	1,761,356	2,159,626
Total deposits	2,565,306	2,731,455
Investments:		
Capital stock (at donated value)	5,747	5,747
Total investments	5,747	5,747
Total deposits and investments	\$ 2,571,053	\$ 2,737,202

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library.

Investments: The donated capital stock is evidenced by securities held by the Library in physical form.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,088,583	\$ 1,159,937	\$ 71,354
Special Revenue	18,000	12,825	(5,175)
Capital Projects	0	900,000	900,000
Total	\$ 1,106,583	\$ 2,072,762	\$ 966,179

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,365,100	\$ 1,752,258	\$ (387,158)
Special Revenue	90,100	10,354	79,746
Capital Projects	1,250,000	476,299	773,701
Total	\$ 2,705,200	\$ 2,238,911	\$ 466,289

**LOGAN HOCKING COUNTY DISTRICT LIBRARY
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. Budgetary Activity (Continued)

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,120,584	\$ 1,188,629	\$ 68,045
Special Revenue	15,000	18,475	3,475
Capital Projects	0	650,000	650,000
Total	\$ 1,135,584	\$ 1,857,104	\$ 721,520

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,350,100	\$ 1,471,896	\$ (121,796)
Special Revenue	90,100	10,525	79,575
Capital Projects	900,000	47,271	852,729
Total	\$ 2,340,200	\$ 1,529,692	\$ 810,508

4. Grants-in-Aid and Tax Receipts

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 of any additional revenues the Library receives.

5. Retirement Systems

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. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the Library contributed an amount equaling 14 and 13.85%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2008.

6. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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



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-Hocking County District Library
Hocking County
230 East Main Street
Logan, Ohio 43138

To the Library Board of Trustees:

We have audited the financial statements of the Logan-Hocking County District Library, Hocking County, Ohio (the Library), as of and for the year ended December 31, 2008 and 2007, and have issued our report thereon dated August 17, 2009, wherein we noted the Library followed accounting practices the Auditor of State prescribes 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control 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.

We noted a certain matter that we reported to the Library's management in a separate letter dated August 17, 2009.

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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2008-001.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the Library's management in a separate letter dated August 17, 2009.

The Library's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Library's response and, accordingly, we express no opinion on it.

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



Mary Taylor, CPA
Auditor of State

August 17, 2009

**LOGAN-HOCKING COUNTY DISTRICT LIBRARY
HOCKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2008-001

Noncompliance Citation – Ohio Admin. Code Section 117-8-02

Ohio Admin. Code Section 117-8-02 states that the library's legislative body shall adopt appropriation measures. These measures establish the legal level of control.

The legal level of control is the level (e.g., fund, program or function, department, object level) at which spending in excess of budgeted amounts would be a violation of law. This is established by the level at which the legislative body appropriates.

Expenditures exceeded appropriations at December 31, 2008, in the General Fund by \$387,158. Expenditures exceeded appropriations at December 31, 2007, in the General Fund by \$121,796. Spending monies which have not been properly appropriated could result in deficit cash balances.

We recommend the Clerk-Treasurer monitor appropriation levels throughout the year and when it becomes apparent actual expenditures may exceed appropriations, request the Board of Trustees to approve increased appropriations and amend estimated resources if necessary.

Officials' Response:

We were not aware that we needed to make the change to the appropriations when doing the transfer.



Mary Taylor, CPA
Auditor of State

LOGAN-HOCKING COUNTY DISTRICT LIBRARY

HOCKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 15, 2009**