



**DR EARL S SLOAN PUBLIC LIBRARY
LOGAN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**DR. EARL SLOAN PUBLIC LIBRARY
LOGAN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Dr. Earl Sloan Public Library
Logan County
P.O. Box 116
Zanesfield, Ohio 43360

To the Board of Trustees:

We have audited the accompanying financial statements of the Dr. Earl Sloan Public Library, Logan County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Library as of December 31, 1999 and 1998, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2000 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 grants.

This report is intended solely for the information and use of the management, Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

August 9, 2000

**DR. EARL SLOAN PUBLIC LIBRARY
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	General
Cash Receipts:	
Property and Other Local Taxes	\$17,186
Other Government Grants-In-Aid	64,193
Patron Fines and Fees	82
Earnings on Investments	6,458
Contributions, Gifts and Donations	48
Miscellaneous Receipts	1,825
 Total Cash Receipts	 89,792
Cash Disbursements:	
Current:	
Salaries and Benefits	25,209
Supplies	1,929
Purchased and Contracted Services	11,104
Library Materials & Information	13,278
Capital Outlay	41,186
 Total Cash Disbursements	 92,706
 Total Cash Receipts Over/(Under) Cash Disbursements	 (2,914)
 Fund Cash Balance, January 1	 155,602
 Fund Cash Balance, December 31	 \$152,688

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

DR. EARL SLOAN PUBLIC LIBRARY
LOGAN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE
NON EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Non Expendable Trust</u>
Total Cash Receipts	\$0
Total Cash Disbursements	<u>0</u>
Net Receipts Over/(Under) Disbursements	0
Fund Cash Balance, January 1	<u>48,000</u>
Fund Cash Balance, December 31	<u><u>\$48,000</u></u>

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

**DR. EARL SLOAN PUBLIC LIBRARY
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	General
Cash Receipts:	
Property and Other Local Taxes	\$14,415
Other Government Grants-In-Aid	57,529
Patron Fines and Fees	77
Earnings on Investments	5,175
Contributions, Gifts and Donations	53
Miscellaneous Receipts	842
Total Cash Receipts	78,091
Cash Disbursements:	
Current:	
Salaries and Benefits	18,518
Supplies	1,696
Purchased and Contracted Services	10,199
Library Materials & Information	9,586
Capital Outlay	5,067
Total Cash Disbursements	45,066
Total Cash Receipts Over/(Under) Cash Disbursements	33,025
Fund Cash Balance, January 1 (Restated-See Note 2)	122,577
Fund Cash Balance, December 31	\$155,602

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

DR. EARL SLOAN PUBLIC LIBRARY
LOGAN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE
NON EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Non Expendable Trust</u>
Total Cash Receipts	\$0
Total Cash Disbursements	<u>0</u>
Net Receipts Over/(Under) Disbursements	0
Fund Cash Balance, January 1(Restated-See Note 2)	<u>48,000</u>
Fund Cash Balance, December 31	<u><u>\$48,000</u></u>

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

**DR. EARL SLOAN PUBLIC LIBRARY
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Dr. Earl Sloan Public Library, Logan County, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is directed by a three-member Board of Trustees appointed by the local board of education. 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. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Except gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Fiduciary Fund (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. The Library had the following significant nonexpendable trust fund:

Sloan Fund - This fund accounts for the principal portion of donated money to be used for Library operations.

**DR. EARL SLOAN PUBLIC LIBRARY
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Administrative Code requires that each fund be budgeted annually. The Library does not budget its nonexpendable trust fund since it does show operations.

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

3. Encumbrances

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 1999 and 1998 budgetary activity appears in Note 4.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. PRIOR PERIOD ADJUSTMENTS

At December 31, 1997 a certificate of deposit was not included in the General Fund . As an accounting error occurred, a prior year adjustment is made in the General Fund.

The correction of the accounting error had the following effect on fund balance as it was previously reported as of December 31, 1997:

Fund Balance, December 31, 1997	\$ 80,732
Cumulative Effect of the Accounting Error	<u>41,845</u>
Fund Balance, December 31, 1997 as Restated	<u><u>\$122,577</u></u>

**DR. EARL SLOAN PUBLIC LIBRARY
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. PRIOR PERIOD ADJUSTMENTS (Continued)

At December 31, 1997 a certificate of deposit, that no longer existed, was included in the Sloan Fund. As an accounting error occurred, a prior year adjustment is made in the Sloan Fund, a Non-Expendable Trust Fund.

The correction of the accounting error had the following effect on fund balance as it was previously reported as of December 31, 1997:

Fund Balance, December 31, 1997	\$ 49,845
Cumulative Effect of the Accounting Correction	<u>(1,845)</u>
Fund Balance, December 31, 1997 as Restated	<u><u>\$48,000</u></u>

3. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$110,843	\$113,757
Certificates of deposit	<u>89,845</u>	<u>89,845</u>
Total deposits	<u><u>\$200,688</u></u>	<u><u>\$203,602</u></u>

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

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	<u>\$78,977</u>	<u>\$89,792</u>	<u>\$10,815</u>
1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	<u>\$98,750</u>	<u>\$92,706</u>	<u>\$6,044</u>

**DR. EARL SLOAN PUBLIC LIBRARY
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	<u>\$68,406</u>	<u>\$78,091</u>	<u>\$9,685</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	<u>\$94,125</u>	<u>\$45,066</u>	<u>\$49,059</u>

The Library did not use purchase orders, and was therefore in violation of Ohio Admin. Code Section 117-4-14(A), which requires the use of purchase orders.

5. 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 LLGSF is allocated 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 on account of any additional revenues realized by the Library.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

6. RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

**DR. EARL SLOAN PUBLIC LIBRARY
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

6. RETIREMENT SYSTEM (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Dr. Earl Sloan Public Library
Logan County
P.O. Box 116
Zanesfield, Ohio 43360

To the Board of Trustees:

We have audited the accompanying financial statements of the Dr. Earl Sloan Public Library, Logan County, Ohio (the Library), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 9, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of finding as item 1999-00246-001. We also noted immaterial instances of noncompliance that we have reported to the management of the Library in a separate letter dated August 9, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated August 9, 2000.

Dr. Earl Sloan Public Library
Logan County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

August 9, 2000

**DR. EARL SLOAN PUBLIC LIBRARY
LOGAN COUNTY**

**SCHEDULE OF FINDING
DECEMBER 31, 1999**

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

FINDING NUMBER 1999-00246-001

Noncompliance Citation

Ohio Administrative Code

Ohio Admin. Code Sections 117-4-14(A), states that each board of library trustees shall execute a purchase order when offering to buy goods or services. The amount of each purchase order shall be encumbered as set forth in rule 117-4-07 of the Administrative Code before it is issued. All purchase orders used by a board of library trustees shall be numbered consecutively.

The Library did not use purchase orders, however they did encumber obligations in their appropriation ledger according to rule 117-4-07.

The Library should implement procedures to help ensure the use of purchase orders.

DR. EARL SLOAN PUBLIC LIBRARY
LOGAN COUNTY

SCHEDULE OF PRIOR AUDIT FINDING
DECEMBER 31, 1999

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1997-00246-001	Library did not use purchase orders.	No	Not corrected - no change in procedures for 1998 or 1999.



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DR EARL S SLOAN PUBLIC 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
SEPTEMBER 14, 2000**