



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

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

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REPORT OF INDEPENDENT ACCOUNTANTS

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, 2000 and 1999. 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 Logan-Hocking County District Library, Hocking County, as of December 31, 2000 and 1999, 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 April 19, 2001, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the 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.

Jim Petro
Auditor of State

April 19, 2001

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

| | Governmental Fund Types | | | Fiduciary Fund Type | Totals (Memorandum Only) |
|--|-------------------------|-----------------|-------------------|---------------------|-----------------------------|
| | General | Special Revenue | Capital Projects | Expendable Trust | |
| Cash Receipts: | | | | | |
| Government Grants-In-Aid | \$ 1,053,800 | \$ | \$ | \$ | \$ 1,053,800 |
| Patron Fines and Fees | 17,685 | | | | 17,685 |
| Earnings on Investments | 22,183 | | | | 22,183 |
| Contributions, Gifts and Donations | 1,635 | | | | 1,635 |
| Miscellaneous Receipts | 680 | 6,244 | | | 6,924 |
| Total Cash Receipts | 1,095,983 | 6,244 | 0 | 0 | 1,102,227 |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| Salaries and Benefits | 363,770 | | | | 363,770 |
| Supplies | 26,011 | 90 | | | 26,101 |
| Purchased and Contracted Services | 76,563 | | | | 76,563 |
| Library Materials and Information | 293,931 | | | | 293,931 |
| Other Objects | 3,197 | 300 | | | 3,497 |
| Capital Outlay | 46,715 | | 240,501 | | 287,216 |
| Total Cash Disbursements | 810,187 | 390 | 240,501 | 0 | 1,051,078 |
| Total Cash Receipts Over/(Under) Cash Disbursements | 285,796 | 5,854 | (240,501) | 0 | 51,149 |
| Other Financing Receipts/(Disbursements): | | | | | |
| Transfers-In | | | 200,000 | | 200,000 |
| Transfers-Out | (200,000) | | | | (200,000) |
| Total Other Financing Receipts/(Disbursements) | (200,000) | 0 | 200,000 | 0 | 0 |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 85,796 | 5,854 | (40,501) | 0 | 51,149 |
| Fund Cash Balances, January 1 | 347,192 | 0 | 273,523 | 5,747 | 626,462 |
| Fund Cash Balances, December 31 | \$ 432,988 | \$ 5,854 | \$ 233,022 | \$ 5,747 | \$ 677,611 |

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

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

| | <u>Governmental Fund Types</u> | | <u>Fiduciary Fund Type</u> | <u>Totals (Memorandum Only)</u> |
|--|--------------------------------|-----------------------------|--------------------------------|---|
| | <u>General</u> | <u>Capital Projects</u> | <u>Expendable Trust</u> | |
| Cash Receipts: | | | | |
| Government Grants-In-Aid | \$ 976,566 | \$ | \$ | \$ 976,566 |
| Patron Fines and Fees | 13,137 | | | 13,137 |
| Earnings on Investments | 23,937 | | | 23,937 |
| Contributions, Gifts and Donations | 25,289 | | | 25,289 |
| Miscellaneous Receipts | 1,809 | | | 1,809 |
| Total Cash Receipts | <u>1,040,738</u> | <u>0</u> | <u>0</u> | <u>1,040,738</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| Salaries and Benefits | 271,021 | | | 271,021 |
| Supplies | 25,222 | | | 25,222 |
| Purchased and Contracted Services | 59,184 | | | 59,184 |
| Library Materials and Information | 224,674 | | | 224,674 |
| Other Objects | 2,832 | | | 2,832 |
| Capital Outlay | 108,683 | 479,184 | | 587,867 |
| Total Cash Disbursements | <u>691,616</u> | <u>479,184</u> | <u>0</u> | <u>1,170,800</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>349,122</u> | <u>(479,184)</u> | <u>0</u> | <u>(130,062)</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Transfers-In | | 500,000 | | 500,000 |
| Transfers-Out | (500,000) | | | (500,000) |
| Total Other Financing Receipts/(Disbursements) | <u>(500,000)</u> | <u>500,000</u> | <u>0</u> | <u>0</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (150,878) | 20,816 | 0 | (130,062) |
| Fund Cash Balances, January 1 | <u>498,070</u> | <u>252,707</u> | <u>5,747</u> | <u>756,524</u> |
| Fund Cash Balances, December 31 | <u>\$ 347,192</u> | <u>\$ 273,523</u> | <u>\$ 5,747</u> | <u>\$ 626,462</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, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Logan-Hocking County District Library, Hocking 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 seven-member Board of Trustees. The Library provides the residents of Hocking County 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The certificates of deposit are valued at cost. The Library has 3,025 shares of donated capital stock. The stock has no nominal or par value, and is valued at cost when donated. The stock is transferable only on the books of the issuing corporation. The value of the stock for financial reporting purposes was \$5,747 at both December 31, 2000 and 1999.

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. Special Revenue Fund

This fund is used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following Special Revenue Fund:

Rental Fund - This fund receives rent receipts from tenants and is used to pay for repairs to property.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following Capital Projects Fund:

Building Fund - This fund receives permanent transfers of cash from the General Fund. The cash was used to construct library buildings.

4. Fiduciary Funds (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 Nonexpendable Trust Fund. Other trust funds are classified as Expendable. The Library had the following Fiduciary Fund:

Trust Fund - This fund accounts for stocks which were donated to the Library. Dividends earned by the stocks were credited to the General Fund. The Trust Fund was classified as an Expendable Trust Fund.

E. Budgetary Process

The Ohio Administrative Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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 canceled, and reappropriated in the subsequent year.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

2. 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>2000</u> | <u>1999</u> |
|--------------------------------|-------------|-------------|
| Demand Deposits | \$ 186,774 | \$ 145,625 |
| Certificates of Deposit | 485,000 | 475,000 |
| Petty Cash | 90 | 90 |
| Total deposits | 671,864 | 620,715 |
| Donated Stock | 5,747 | 5,747 |
| Total investments | 5,747 | 5,747 |
| Total deposits and investments | \$ 677,611 | \$ 626,462 |

Deposits: Deposits, including certificates of deposit, are either insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library.

Investments: The Library has custody of a stock certificate for 3,025 shares of donated capital stock, issued in the Library's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999, was as follows:

| 2000 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 1,080,038 | \$ 1,095,983 | \$ 15,945 |
| Special Revenue | 5,600 | 6,244 | 644 |
| Capital Projects | 200,000 | 200,000 | 0 |
| Expendable Trust | 0 | 0 | 0 |
| Total | \$ 1,285,638 | \$ 1,302,227 | \$ 16,589 |

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

| 2000 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 1,292,100 | \$ 1,010,187 | \$ 281,913 |
| Special Revenue | 0 | 390 | (390) |
| Capital Projects | 300,000 | 240,501 | 59,499 |
| Expendable Trust | 0 | 0 | 0 |
| Total | <u>\$ 1,592,100</u> | <u>\$ 1,251,078</u> | <u>\$ 341,022</u> |

| 1999 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|---------------------|-------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 931,479 | \$ 1,040,738 | \$ 109,259 |
| Capital Projects | 0 | 500,000 | 500,000 |
| Expendable Trust | 0 | 0 | 0 |
| Total | <u>\$ 931,479</u> | <u>\$ 1,540,738</u> | <u>\$ 609,259</u> |

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|---------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 868,000 | \$ 1,191,616 | \$ (323,616) |
| Capital Projects | 614,178 | 479,184 | 134,994 |
| Expendable Trust | 0 | 0 | 0 |
| Total | <u>\$ 1,482,178</u> | <u>\$ 1,670,800</u> | <u>\$ (188,622)</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 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. RETIREMENT SYSTEM

The Library's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants gross salaries. The Library has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

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

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

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, 2000 and 1999, and have issued our report thereon dated April 19, 2001. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Library in a separate letter dated April 19, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Library's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-00737-001.

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. 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 reportable conditions and, accordingly, would not disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Library in a separate letter dated April 19, 2001.

Logan-Hocking County District Library

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

Jim Petro
Auditor of State

April 19, 2001

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-00737-001

Reportable Condition

Appropriations and Expenditures

For the year ended December 31, 1999, the Library had expenditures which exceeded appropriations in the following fund and amount:

| <u>Budgeted vs. Actual Budgetary Basis Expenditures</u> | | | |
|---|------------------------------------|-----------------------------------|-----------------|
| <u>Fund</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
| General Fund | \$ 868,000 | \$ 1,191,616 | \$ (323,616) |

This was caused by the failure of the Board of Trustees to increase appropriations for transfers to the Capital Projects Fund. Sufficient resources were available for the Board of Trustees to have sought an increased amended certificate of estimated resources for the General Fund and a subsequent increase in the General Fund appropriations, pursuant to Ohio Admin. Code Sections 117-4-07(A) and 117-4-10.

We recommend the Board of Trustees be alert to significant or unusual transactions that may require additional budgetary action, such as seeking amended certificates of estimated resources and increasing appropriations.

Note that Ohio Admin. Code Section 117-4 has been replaced by Section 117-8, effective January 1,2001. Section 117-8-02 prohibits disbursing amounts in excess of appropriations at the level of control adopted in the appropriation resolution.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain: |
|----------------|---|------------------|--|
| 1998-00737-001 | A reportable condition was issued in the prior audit for expenditures exceeding appropriations by a significant amount in the General Fund. | No | Not Corrected: Repeated in the current audit as Finding Number 2000-00737-001 |



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
MAY 22, 2001**