



**Auditor of State  
Betty Montgomery**



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

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**Auditor of State  
Betty Montgomery**

**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 21, 2002 and 2001. 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 *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 combined fund cash balances of the Logan-Hocking County District Library, Hocking County, as of December 31, 2002 and 2001, and its combined 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 24, 2003 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 the audit committee, management, the Board of Trustees and other officials authorized to receive this report under Section 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 24, 2003

LOGAN-HOCKING COUNTY DISTRICT LIBRARY  
HOCKING COUNTY

**COMBINED 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, 2002**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>					
Government Grants-In-Aid	\$ 1,001,391	\$	\$	\$	\$ 1,001,391
Patron Fines and Fees	28,033				28,033
Earnings on Investments	15,583				15,583
Contributions, Gifts and Donations	185				185
Miscellaneous Receipts	4,471	36,170			40,641
<b>Total Cash Receipts</b>	<u>1,049,663</u>	<u>36,170</u>	<u>0</u>	<u>0</u>	<u>1,085,833</u>
<b>Cash Disbursements:</b>					
Current:					
Salaries and Benefits	367,380				367,380
Supplies	21,584				21,584
Purchased and Contracted Services	75,598				75,598
Library Materials and Information	197,135				197,135
Other Miscellaneous Expenditures	3,440	15,311	84,719		103,470
Capital Outlay	7,144				7,144
<b>Total Cash Disbursements</b>	<u>672,281</u>	<u>15,311</u>	<u>84,719</u>	<u>0</u>	<u>772,311</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>377,382</u>	<u>20,859</u>	<u>(84,719)</u>	<u>0</u>	<u>313,522</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In			300,000		300,000
Transfers-Out	(300,000)				(300,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(300,000)</u>	<u>0</u>	<u>300,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	77,382	20,859	215,281	0	313,522
Fund Cash Balances, January 1	680,425	14,559	173,280	5,747	874,011
<b>Fund Cash Balances, December 31</b>	<u>\$ 757,807</u>	<u>\$ 35,418</u>	<u>\$ 388,561</u>	<u>\$ 5,747</u>	<u>\$ 1,187,533</u>

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

LOGAN-HOCKING COUNTY DISTRICT LIBRARY  
HOCKING COUNTY

**COMBINED 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, 2001**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>					
Government Grants-In-Aid	\$ 1,085,691	\$	\$	\$	\$ 1,085,691
Patron Fines and Fees	24,449				24,449
Earnings on Investments	46,085				46,085
Contributions, Gifts and Donations	635	26,416			27,051
Miscellaneous Receipts	1,954	17,645			19,599
<b>Total Cash Receipts</b>	<b>1,158,814</b>	<b>44,061</b>	<b>0</b>	<b>0</b>	<b>1,202,875</b>
<b>Cash Disbursements:</b>					
Current:					
Salaries and Benefits	371,990				371,990
Supplies	26,072				26,072
Purchased and Contracted Services	75,578	6,404			81,982
Library Materials and Information	213,787				213,787
Other Miscellaneous Expenditures	3,525	2,536			6,061
Capital Outlay	20,425	26,416	259,741		306,582
<b>Total Cash Disbursements</b>	<b>711,377</b>	<b>35,356</b>	<b>259,741</b>	<b>0</b>	<b>1,006,474</b>
Total Cash Receipts Over/(Under) Cash Disbursements	447,437	8,705	(259,741)	0	196,401
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In			200,000		200,000
Transfers-Out	(200,000)				(200,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(200,000)</b>	<b>0</b>	<b>200,000</b>	<b>0</b>	<b>0</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	247,437	8,705	(59,741)	0	196,401
Fund Cash Balances, January 1	432,988	5,854	233,021	5,747	677,610
<b>Fund Cash Balances, December 31</b>	<b>\$ 680,425</b>	<b>\$ 14,559</b>	<b>\$ 173,280</b>	<b>\$ 5,747</b>	<b>\$ 874,011</b>

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, 2002 AND 2001**

**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. 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**

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, 2002 and 2001.

**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 Funds**

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

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

*Gates Fund* – This fund receives grant money to purchase computers for the Library.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(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 is classified as an Expendable Trust Fund.

**E. Budgetary Process**

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

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's basis of accounting.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**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 was as follows:

	2002	2001
Demand deposits	\$ 181,736	\$ 268,214
Certificates of deposit	1,000,000	600,000
Petty cash	50	50
Total deposits	1,181,786	868,264
 Investments - Donated Stock	 5,747	 5,747
 Total Deposits and Investments	 \$ 1,187,533	 \$ 874,011

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

**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. The stock is transferable only on the books of the issuing corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,371,100	\$ 972,281	\$ 398,819
Special Revenue	22,500	15,311	7,189
Capital Projects	300,000	84,719	215,281
Expendable Trust	0	0	0
Total	\$ 1,693,600	\$ 1,072,311	\$ 621,289

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,361,100	\$ 911,377	\$ 449,723
Special Revenue	39,416	35,356	4,060
Capital Projects	310,000	259,741	50,259
Expendable Trust	0	0	0
Total	\$ 1,710,516	\$ 1,206,474	\$ 504,042

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**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.

**5. RETIREMENT SYSTEMS**

The Library's officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This 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 2002 and 2001, members of 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 employer contributions required through December 31, 2002.

**6. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

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



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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, 2002 and 2001, and have issued our report thereon dated April 24, 2003. 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 *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*.

**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. 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 April 24, 2003.

Logan-Hocking County District Library  
Hocking County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 24, 2003

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

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-00737-001	A reportable condition was issued in the prior audit for expenditures exceeding appropriations by a significant amount in the General fund.	Yes	N/A







**Auditor of State  
Betty Montgomery**

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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  
JUNE 5, 2003**