



Mary Taylor, CPA  
Auditor of State



DR. EARL SLOAN PUBLIC LIBRARY  
LOGAN COUNTY

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Mary Taylor, CPA  
Auditor of State

Dr. Earl Sloan Public Library  
Logan County  
PO Box 116  
Zanesfield, OH 43360

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.

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

**Mary Taylor, CPA**  
Auditor of State

September 30, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Dr. Earl Sloan Public Library  
Logan County  
PO Box 116  
Zanesfield, OH 43360

To the Board of Trustees:

We have audited the accompanying financial statements of the Dr. Earl Sloan Public Library, Logan County, (the Library), as of and for the years ended December 31, 2007 and 2006. 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 requires 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, 2007 and 2006 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, 2007 and 2006, 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 Dr. Earl Sloan Public Library, Logan County, as of December 31, 2007 and 2006, 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 September 30, 2008, 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

September 30, 2008



**DR. EARL SLOAN PUBLIC 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, 2007**

	<u>All Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$21,081		\$21,081
Library and Local Government Support	63,772		63,772
Intergovernmental	2,366		2,366
Patron Fines and Fees	899		899
Contributions, Gifts and Donations	880		880
Earnings on Investments	21,883	\$2,494	24,377
Total Cash Receipts	<u>110,881</u>	<u>2,494</u>	<u>113,375</u>
<b>Cash Disbursements:</b>			
<b>Current:</b>			
Salaries	25,148		25,148
Employee Fringe Benefits	4,028		4,028
Purchased and Contractual Services	7,489		7,489
Library Materials and Information	9,197	2,494	11,691
Supplies	2,682		2,682
Other	1,044		1,044
Capital Outlay	3,099		3,099
Total Cash Disbursements	<u>52,687</u>	<u>2,494</u>	<u>55,181</u>
Total Receipts Over/(Under) Disbursements	<u>58,194</u>		<u>58,194</u>
Fund Cash Balances, January 1	<u>431,316</u>	<u>48,109</u>	<u>479,425</u>
Fund Cash Balances, December 31	<u>\$489,510</u>	<u>\$48,109</u>	<u>\$537,619</u>

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

**DR. EARL SLOAN PUBLIC 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$20,867		\$20,867
Library and Local Government Support	63,772		63,772
Intergovernmental	2,307		2,307
Patron Fines and Fees	1,023		1,023
Contributions, Gifts and Donations	755		755
Earnings on Investments	14,388	\$2,477	16,865
Miscellaneous Revenue	609		609
Total Cash Receipts	<u>103,721</u>	<u>2,477</u>	<u>106,198</u>
<b>Cash Disbursements:</b>			
<b>Current:</b>			
Salaries	26,792		26,792
Employee Fringe Benefits	4,218		4,218
Purchased and Contractual Services	13,935		13,935
Library Materials and Information	8,273	2,477	10,750
Supplies	1,665		1,665
Other	4,092		4,092
Capital Outlay	10,628		10,628
Total Cash Disbursements	<u>69,603</u>	<u>2,477</u>	<u>72,080</u>
Total Receipts Over/(Under) Disbursements	<u>34,118</u>		<u>34,118</u>
Fund Cash Balances, January 1	<u>397,198</u>	<u>48,109</u>	<u>445,307</u>
Fund Cash Balances, December 31	<u>\$431,316</u>	<u>\$48,109</u>	<u>\$479,425</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, 2007 AND 2006**

**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 Dr. Earl Sloan Public Library, Logan County (the Library), as a body corporate and politic. The Library is directed by a five-member Board of Trustees, that is self-appointed, 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. Permanent Funds**

These funds account 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:

**Sloan Fund** – The proceeds from the principal of this Fund are to be used to purchase library materials.

**E. Budgetary Process**

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

A summary of 2007 and 2006 budgetary activity appears in Note 3.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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**

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

	<b>2007</b>	<b>2006</b>
Demand deposits	\$487,480	\$405,218
Certificates of deposit	50,139	74,207
Total deposits	\$537,619	\$479,425

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 2007 and 2006 follows:

**2007 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$91,650	\$110,881	\$19,231
Permanent		2,494	2,494
Total	\$91,650	\$113,375	\$21,725

**2007 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$156,000	\$52,687	\$103,313
Permanent		2,494	(2,494)
Total	\$156,000	\$55,181	\$100,819

**2006 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$91,650	\$103,721	\$12,071
Permanent		2,477	2,477
Total	\$91,650	\$106,198	\$14,548

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2006 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$106,000	\$69,603	\$36,397
Permanent		2,477	(2,477)
Total	\$106,000	\$72,080	\$33,920

**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.

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Property owners assess tangible personal property tax. These owners must file a list of tangible property to the County by each April 30.

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

Jefferson Township, Logan County (the Township), is the taxing authority for the Library. Logan County distributes the tax revenue and the State of Ohio distributes related tax revenue receipts to the Township. The Township then distributes these receipts to the Library which are then reported as property taxes and intergovernmental receipts on the Library's financial statements.

**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 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the Library contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2007.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- 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*

Dr. Earl Sloan Public Library  
Logan County  
PO Box 116  
Zanesfield, OH 43360

To the Board of Trustees:

We have audited the financial statements of the Dr. Earl Sloan Public Library, Logan County, (the Library), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated September 30, 2008, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

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.

**Internal Control Over Financial Reporting  
(Continued)**

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. However, we believe the significant deficiency described above as finding 2007-001 is also a material weakness.

We also noted a certain internal control matter that we reported to the Library's management in a separate letter dated September 30, 2008.

**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 2007-002.

We also noted certain noncompliance or other matter not requiring inclusion in this report that we reported to the Library's management in a separate letter dated September 30, 2008.

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



**Mary Taylor, CPA**  
Auditor of State

September 30, 2008



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

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

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

**FINDING NUMBER 2007-001**

**Material Weakness**

**Financial Reporting**

The annual financial statements and financial records should be maintained in a manner that accurately presents the operations of the Library. The beginning and ending 2007 and 2006 Permanent Fund Balances, reported as \$48,109 for each year, were reported as part of the General Fund balance in the financial statements. In addition, the Permanent Fund was improperly classified as a nonexpendable trust fund. During 2007, the General Fund financial statements had disbursements that were \$172 greater than the supporting ledger along with \$10,831 of expenditures that were classified as other expenditures instead of being more appropriately classified as employee fringe benefits, purchased and contractual services, and capital outlay. There were also interest revenue recording errors in the amount of \$4,419 as the result of recording interest revenue received in 2006 in 2007, overstating interest revenue, and recording that same interest revenue receipts in both the General Fund and Permanent Fund.

During 2006, the General Fund financial statements had disbursements that were \$567 greater than the supporting ledger along with \$19,287 of expenditures that were classified as other expenditures instead of being more appropriately classified as employee fringe benefits, purchased and contractual services, and capital outlay. There were also interest revenue recording errors in the amount of \$6,390 as the result of recording interest revenue receipts twice, recording interest revenue received in 2006 in 2007, recording interest revenue in the wrong fund, and recording the same interest revenue receipts in both the General Fund and the Permanent Fund.

The financial records and the accompanying financial statements have been adjusted to properly reflect the balances and financial activity of the Library.

The failure to maintain accounting records and to prepare financial statements that are in agreement, that correctly classify activity, and present accurate fund balances, not only inhibits the user's ability to fully understand the results of operations but may also result in material financial statement reporting errors.

The Fiscal Officer should utilize governmental accounting resources such as those provided on the Auditor of State and Ohio State Library websites when preparing accounting records and annual financial statements. The 1099s provided by each bank should be utilized to help assure that all interest income paid to the Library has been recorded in appropriate fund. Ohio Revised Code Section 5705.131 requires interest earned on the principal of the permanent fund (non-expendable trust) should be credited to the permanent fund. The interest distribution should be made each month or when interest earnings actually occur and should be based upon a quantifiable amount such as ending cash fund balance as a percentage of total cash balances. To help detect financial reporting errors, the Fiscal Officer should provide the Library Board with detailed budgeted versus actual revenue and expenditure reports, and monthly bank to book reconciliations that include the current balances of the certificates of deposit along with fund ownership. In addition to reviewing and approving the reports and reconciliations, the Library Board should periodically perform a detailed review of the accounting records and the annual financial reports to help identify errors. Evidence of the review and approval of the accounting records and financial reports along with any additional review procedures should be documented in the minutes and/or on the accounting records and financial reports.

**FINDING NUMBER 2007-002**

**Finding For Recovery/Repaid Under Audit**

**Ohio Rev. Code Section 9.24(H)(3)** states that a "Finding for recovery" means a determination issued by the auditor of state, contained in a report the auditor of state gives to the attorney general pursuant to section 117.28 of the Revised Code, that public money has been illegally expended, public money has been collected but not been accounted for, public money is due but has not been collected, or public property has been converted or misappropriated.

Further, **Ohio Rev. Code Section 117.28** authorizes the Auditor of State to report a *finding for recovery* in audit reports when legal action may be appropriate to recover public money or property. **Ohio Rev. Code Section 117.01 (C)** defines *public money* as "any money received, collected by, or due a public official under color of office, as well as any money collected by any individual on behalf of a public office or as a purported representative or agent of a public office." Under **Ohio Rev. Code Sections 9.24(H)(3) and 117.28**, a finding for recovery may exist for public money collected but unaccounted for.

Jefferson Township, Logan County (the Township), is the taxing authority for the Library. As a result, tax levy money, along with the related reimbursements, are received by the Township and then distributed to the Library. The Township did not disburse the electric deregulation and tangible tax reimbursements in the amount of \$224 in 2007 and \$217 in 2006 to the Library.

In accordance with the foregoing facts, and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public money collected but unaccounted for, is hereby rendered against Jefferson Township, Logan County in the amount of \$441, and in favor of the Library's General Fund.

On June 24, 2008, the Township issued check number 12369, in the amount of \$441, which was recorded in the General Fund with receipt #1667 by the Library.

**OFFICIALS' RESPONSE:**

We did not receive a response from Officials to the findings reported above.



**Mary Taylor, CPA**  
Auditor of State

**DR. EARL 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  
NOVEMBER 13, 2008**