

**LOGAN COUNTY DISTRICT LIBRARY
LOGAN COUNTY
Regular Audit
December 31, 2008 and 2007**

Perry & Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA

Auditor of State

Board of Trustees
Logan County District Library
220 North Main Street
Bellefontaine, Ohio 43311

We have reviewed the *Independent Accountants' Report* of the Logan County District Library, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Logan County District Library is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA
Auditor of State

July 8, 2009

This Page is Intentionally Left Blank.

**LOGAN COUNTY DISTRICT LIBRARY
LOGAN COUNTY**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2008	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2007	4
Notes to the Financial Statements	5
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	10
Schedule of Findings	12

This Page is Intentionally Left Blank.

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

INDEPENDENT ACCOUNTANTS' REPORT

June 22, 2009

Logan County District Library
Logan County
220 North Main Street
Bellefontaine, Ohio 43311

To the Board of Trustees:

We have audited the accompanying financial statements of **Logan County District Library, Logan 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 their 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 Logan County District Library, Logan 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 June 22, 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.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

**LOGAN COUNTY DISTRICT 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, 2008**

	<u>All Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Private Purpose Trust Funds</u>	
Cash Receipts:					
Library and Local Government Support	\$ 1,462,383	\$ -	\$ -	\$ -	\$ 1,462,383
Intergovernmental	21,019	-	-	-	21,019
Patron Fines and Fees	43,022	-	-	-	43,022
Contributions, Gifts and Donations	1,168	-	-	-	1,168
Earnings on Investments	12,136	98	31,234	3,325	46,793
Miscellaneous	272	-	-	-	272
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	1,540,000	98	31,234	3,325	1,574,657
Cash Disbursements:					
Current:					
Salaries	753,969	-	-	-	753,969
Employee Fringe Benefits	288,775	-	-	-	288,775
Purchased and Contractual Services	231,032	-	-	-	231,032
Library Materials and Information	258,105	-	-	-	258,105
Supplies	42,952	-	-	-	42,952
Other	7,043	-	-	3,000	10,043
Capital Outlay	100,202	-	49,498	-	149,700
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	1,682,078	-	49,498	3,000	1,734,576
Total Receipts Over/(Under) Disbursements	(142,078)	98	(18,264)	325	(159,919)
Fund Cash Balances, January 1	687,401	21,122	1,482,793	82,800	2,274,116
Fund Cash Balances, December 31	<u>\$ 545,323</u>	<u>\$ 21,220</u>	<u>\$ 1,464,529</u>	<u>\$ 83,125</u>	<u>\$ 2,114,197</u>

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

**LOGAN COUNTY DISTRICT 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>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Private Purpose Trust Funds</u>	
Cash Receipts:					
Library and Local Government Support	\$ 1,486,372	\$ -	\$ -	\$ -	\$ 1,486,372
Intergovernmental	21,552	-	-	-	21,552
Patron Fines and Fees	43,892	-	-	-	43,892
Contributions, Gifts and Donations	1,799	-	-	-	1,799
Earnings on Investments	40,330	560	81,879	6,131	128,900
Miscellaneous	689	-	-	-	689
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	1,594,634	560	81,879	6,131	1,683,204
Cash Disbursements:					
Current:					
Salaries	766,698	-	-	-	766,698
Employee Fringe Benefits	272,295	-	-	-	272,295
Purchased and Contractual Services	222,357	-	-	-	222,357
Library Materials and Information	251,977	-	-	-	251,977
Supplies	60,518	-	-	-	60,518
Other	6,662	-	-	4,000	10,662
Capital Outlay	145,502	-	39,306	-	184,808
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	1,726,009	-	39,306	4,000	1,769,315
Total Receipts Over/(Under) Disbursements	(131,375)	560	42,573	2,131	(86,111)
Fund Cash Balances, January 1	818,776	20,562	1,440,220	80,669	2,360,227
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 687,401</u>	<u>\$ 21,122</u>	<u>\$ 1,482,793</u>	<u>\$ 82,800</u>	<u>\$ 2,274,116</u>
Reserve for Encumbrances, December 31	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75</u>

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

**LOGAN COUNTY DISTRICT LIBRARY
LOGAN 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 County District Library, Logan County, (the Library) as a body corporate and politic. The Logan County Board of County Commissioners and the Logan County Court of Common Pleas appoint a seven-member Board of Trustees 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. Basis of Accounting

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 prescribed or permitted by the Auditor of State.

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. Money market mutual funds (including STAR Ohio) 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.

**LOGAN COUNTY DISTRICT LIBRARY
LOGAN 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 Funds

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 significant Special Revenue Fund.

West Mansfield Branch Library Trust Fund – This fund accounts for donated monies and interest earned to be used for the purpose of the West Mansfield Branch Library.

3. Capital Projects Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project funds:

Capital Projects Fund - This fund receives interest earned and is used for building construction and repair.

4. Private Purpose Trust Funds

Private-purpose trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Library's own programs.

The Library's private purpose trust fund is for the benefits of graduating high school students

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered 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.

**LOGAN COUNTY DISTRICT LIBRARY
LOGAN COUNTY**

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

G. Accumulated Leave

In certain circumstances, such as 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 AND INVESTMENTS

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

	<u>2008</u>	<u>2007</u>
Demand deposits	\$ 2,020,983	\$ 2,191,316
Certificates of deposit	-	82,800
Total deposits	<u>\$ 2,020,983</u>	<u>\$ 2,274,116</u>
STAROhio	93,214	-
Total deposits and investments	<u><u>\$ 2,114,197</u></u>	<u><u>\$ 2,274,116</u></u>

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

**LOGAN COUNTY DISTRICT LIBRARY
LOGAN COUNTY**

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

3. BUDGETARY ACTIVITY

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

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,556,697	\$ 1,540,000	\$ (16,697)
Special Revenue	500	98	(402)
Capital Projects	150,100	31,234	(118,866)
Private Purpose Trust	3,700	3,325	(375)
Total	\$ 1,710,997	\$ 1,574,657	\$ (136,340)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,244,097	\$ 1,682,078	\$ 562,019
Special Revenue	21,622	-	21,622
Capital Projects	1,632,892	49,498	1,583,394
Private Purpose Trust	86,500	3,000	83,500
Total	\$ 3,985,111	\$ 1,734,576	\$ 2,250,535

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,652,809	\$ 1,594,634	\$ (58,175)
Special Revenue	570	560	(10)
Capital Projects	152,100	81,879	(70,221)
Private Purpose Trust	4,269	6,131	1,862
Total	\$ 1,809,748	\$ 1,683,204	\$ (126,544)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,471,585	\$ 1,726,084	\$ 745,501
Special Revenue	21,132	-	21,132
Capital Projects	1,592,320	39,306	1,553,014
Private Purpose Trust	84,937	4,000	80,937
Total	\$ 4,169,974	\$ 1,769,390	\$ 2,400,584

**LOGAN COUNTY DISTRICT LIBRARY
LOGAN COUNTY**

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

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;
- Errors and omissions.

The Library also provided health insurance to employees through a private carrier.

7. OPERATING LEASE

In 2007 the Library entered into an operating lease for two copiers and a fax machine. The lease is for five years with annual payments of \$11,424.

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

June 22, 2009

Logan County District Library
Logan County
220 North Main Street
Bellefontaine, Ohio 43311

To the Board of Trustees:

We have audited the financial statements of **Logan County District Library, Logan County, Ohio** (the Library) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 22, 2009, wherein we noted the Library followed 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 certain deficiencies in internal control over financial reporting we consider significant deficiencies.

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.

Logan County District Library

Logan County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Internal Control Over Financial Reporting (Continued)

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2008-001.

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.

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 and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above as item 2008-001 is a material weakness.

We also noted certain internal control matters that we reported to the Library's management in a separate letter dated June 22, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**LOGAN COUNTY DISTRICT LIBRARY
LOGAN 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

Significant Deficiency/Material Weakness

Annual Financial Statement Preparation

We noted several errors in the compilation of the financial statements as submitted to the Auditor of State for both 2007 and 2008. These errors included amounts reported on the wrong lines, amounts not reported and total lines not being completed properly. These errors could be eliminated by having a second person review the worksheets and statements prior to submission to the Auditor of State.

We recommend a second person, designated by the Board or management, review the information to make sure the amounts are properly input, totals are properly calculated and the amounts agree to the financial accounting system. This review should be documented by having the Library copy initialed by the reviewer.

Management's Response – Management will establish a second person review process.



Mary Taylor, CPA
Auditor of State

LOGAN COUNTY DISTRICT 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
JULY 21, 2009