

DR. EARL SLOAN PUBLIC LIBRARY  
LOGAN COUNTY, OHIO

Audited Financial Statements

For the Years Ended December 31, 2011 and 2010





# Dave Yost • Auditor of State

Board of Trustees  
Dr. Earl Sloan Public Library  
PO Box 116  
Zanesville, Ohio 43360

We have reviewed the *Independent Accountants' Report* of the Dr. Earl Sloan Public Library, Logan County, prepared by Van Krevel and Company, CPA's, for the audit period January 1, 2010 through December 31, 2011. 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 Dr. Earl Sloan Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

December 6, 2012

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Dr. Earl Sloan Public Library  
Logan County, Ohio

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## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Dr. Earl Sloan Public Library, Logan County (the Library) as of and for the years ended December 31, 2011 and 2010. 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 require 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.

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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, 2011 and 2010, 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, 2011 and 2010, 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 the Dr. Earl Sloan Public Library, Logan County, as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011, the Dr. Earl Sloan Public Library, Logan County, adopted Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2012, 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.

*Van Krevel & Company*

Van Krevel & Company  
Dublin, Ohio

November 15, 2012



Dr. Earl Sloan Public Library  
 Logan County  
 Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)  
 All Governmental Fund Types  
 For the Year Ended December 31, 2011

	All Fund Types		Totals (Memorandum Only)
	General	Permanent	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 20,438		\$ 20,438
Public Library	51,236		51,236
Intergovernmental	3,114		3,114
Patron Fine and Fees	88		88
Contributions, Gifts and Donations	103		103
Earnings on Investments	1,117		1,117
Miscellaneous	914	-	914
Total Cash Receipts	77,010	-	77,010
<b>Cash Disbursements:</b>			
Current:			
Library Services:			
Public Services and Programs	22,530		22,530
Collection Development and Processing	11,507		11,507
Support Services:			
Facilities Operation and Maintenance	21,053		21,053
Information Services	797		797
Business Administration	11,935		11,935
Total Cash Disbursements	67,822	-	67,822
Total Cash Receipts Over/(Under) Cash Disbursements	9,188	-	9,188
Fund Cash Balances, January 1	514,969	48,000	562,969
<b>Fund Cash Balances, December 31</b>	<b>\$524,157</b>	<b>\$ 48,000</b>	<b>\$ 572,157</b>
Nonspendable		48,000	48,000
Restricted			-
Committed			-
Unassigned (Deficit)	524,157	-	524,157
<b>Fund Cash Balances, December 31</b>	<b>\$524,157</b>	<b>\$ 48,000</b>	<b>\$ 572,157</b>

Dr. Earl Sloan Public Library  
 Logan County  
 Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)  
 All Governmental Fund Types  
 For the Year Ended December 31, 2010

	<b>General</b>	<b>Permanent</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 20,552		\$ 20,552
Public Library	48,452		48,452
Intergovernmental	6,469		6,469
Patron Fines and Fees	82		82
Contributions, Gifts and Donations	48		48
Earnings on Investments	1,305		1,305
Miscellaneous	1,399		1,399
<b>Total Cash Receipts</b>	<b>78,307</b>	<b>-</b>	<b>78,307</b>
<b>Cash Disbursements:</b>			
<b>Current:</b>			
<b>Library Services:</b>			
Public Services and Programs	23,518		23,518
Collection Development and Processing	10,910		10,910
<b>Support Services:</b>			
Facilities Operation and Maintenance	15,995		15,995
Information Services	512		512
Business Administration	15,093		15,093
Capital Outlay	31,136		31,136
<b>Total Cash Disbursements</b>	<b>97,164</b>	<b>-</b>	<b>97,164</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(18,857)</b>	<b>-</b>	<b>(18,857)</b>
Fund Cash Balances, January 1	533,826	48,000	581,826
<b>Fund Cash Balances, December 31</b>	<b>\$514,969</b>	<b>\$ 48,000</b>	<b>\$ 562,969</b>

Dr. Earl Sloan Public Library  
Logan County

Notes to the Financial Statements  
December 31, 2011 and 2010

**NOTE 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 Dr. Earl Sloan Public Library, Logan County, (the Library) as a body corporate and politic. The Library is directed by a six-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 Deposits**

All available funds of the Library are in an interest bearing checking and money market savings accounts.

Dr. Earl Sloan Public Library  
Logan County

Notes to the Financial Statements  
December 31, 2011 and 2010

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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. Interest revenue is reported in the General Fund since it is available to fund all Library operations.

**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 or object level of control.

A summary of 2011 and 2010 budgetary activity appears in Note 4.

Dr. Earl Sloan Public Library  
Logan County

Notes to Financial Statements  
December 31, 2011 and 2010

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F Fund Balance**

For December 31, 2011, the fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental fund resources. The classifications are as follows:

*Non Spendable* – The Library classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

*Restricted* – A fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.

*Committed* – Trustees can commit amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

*Assigned* – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution or by State Statute.

*Unassigned* – Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balances, committed amounts are reduced first, followed by assigned and the unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Dr. Earl Sloan Public Library  
Logan County

Notes to Financial Statements  
December 31, 2011 and 2010

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G 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.

**NOTE 2 CHANGE IN ACCOUNTING PRINCIPLE**

For fiscal year 2011, the Library implemented Governmental Accounting Standards Board (GASB) Statement No. 54. Implementing GASB Statement No 54 had no effect on fund balances previously reported.

**NOTE 3 EQUITY IN POOLED CASH AND INVESTMENTS**

The Library maintains a cash and investment 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>2011</u>	<u>2010</u>
Demand Deposits	<u>\$572,157</u>	<u>\$562,969</u>
Total Deposits	<u>\$572,157</u>	<u>\$562,969</u>

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

Dr. Earl Sloan Public Library  
Logan County

Notes to Financial Statements  
December 31, 2011 and 2010

**NOTE 4 BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2011, follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 70,000	\$ 77,010	\$ 7,010
Totals	\$ 70,000	\$ 77,010	\$ 7,010

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 175,000	\$ 67,822	\$ 107,178
Totals	\$ 175,000	\$ 67,822	\$ 107,178

Budgetary activity for the year ending December 31, 2010, follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 97,000	\$ 78,307	\$ (18,693)
Totals	\$ 97,000	\$ 78,307	\$ (18,693)

Dr. Earl Sloan Public Library  
Logan County

Notes to Financial Statements  
December 31, 2011 and 2010

**NOTE 4 BUDGETARY ACTIVITY**

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Bugetary Expenditures	Variance
General	\$ 163,560	\$ 97,164	\$ 66,396
Totals	\$ 163,560	\$ 97,164	\$ 66,396

**NOTE 5 GRANTS-IN-AID AND TAX RECEIPTS**

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. The County Budget Commission bases the amount for distribution on the needs of such Library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance or other expenses. The County Budget Commission cannot reduce its allocation of these funds to the Library based on 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 Department of Taxation, Division 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 access tangible personal property tax. These owners must file a list of tangible property with the County by each April 30.



Dr. Earl Sloan Public Library  
Logan County

Notes to Financial Statements  
December 31, 2011 and 2010

**NOTE 5 GRANTS-IN-AID AND TAX RECEIPTS**

The 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.

**NOTE 6 RETIREMENT SYSTEM**

The Library's officials 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 2011 and 2010, OPERS members contributed 10.0% of their gross salaries, and the Library contributed an amount equal to 14.0% of participants' gross salaries. The Library has paid all contributions required through December 31, 2011.

**NOTE 6 RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

Comprehensive property and general liability  
Errors and omissions

The Library insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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**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  
P O Box 116  
Zanesfield, Ohio 43360

To the Board of Trustees:

We have audited the financial statements of Dr. Earl Sloan Public Library, Logan County, (the Library), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated November 15, 2012, wherein we noted that 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 audits, 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 for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting that we consider a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and timely corrected. We consider finding 2011-001 described in the accompanying schedule of findings to be a material weakness.

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Dr. Earl Sloan Public Library  
Logan County  
Independent Accountants' Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*

### **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 audits and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We did note a certain matter not requiring inclusion in this report that we reported to the Library's management in a separate letter dated November 15, 2012.

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

*Van Krevel + Company*

Van Krevel & Company  
Dublin, Ohio

November 15, 2012

Dr. Earl Sloan Public Library  
Logan County

Schedule of Findings  
December 31, 2011 and 2010

**Finding Number 2011-001**

Material Weakness

Reporting of Financial Activity

To assist in the effective management and reporting of financial resources, an entity should have procedures in place to provide the proper recording of financial activity in the accounting records and financial statements. The beginning and ending 2010 and 2011 Permanent Fund Balances, reported as \$48,000 each year, were also reported as part of the General Fund balance in the financial statements.

In 2010, earnings on investments and collection services and programs in the amount of \$228 were both reported in the General Fund and the Permanent Fund.

In 2010, public services and programs were overstated by \$623 and ending cash fund balance was understated by \$623. In 2011, the beginning cash fund balance was understated by \$228, earnings on investments was understated by \$57, public services and programs was overstated by \$228, and the ending cash fund balance was understated by \$513.

The following cash disbursements were reclassified in order for the financial statements to be prepared in accordance with the library classifications as prescribed by the Auditor of State:

For the year ended December 31, 2011:

<b>Account Description</b>	<b>Increase</b>	<b>Decrease</b>
Public Services & Programs	\$ 22,530	
Collection Development & Processing	11,507	
Facilities Operations & Maintenance	21,053	
Information Services	797	
Business Administration	11,935	
Salaries and Employee Benefits		\$ 35,334
Purchased and Contract Services		15,717
Library Materials and Info		11,944
Supplies		1,858
Other		2,969
<b>Totals</b>	<b>\$67,822</b>	<b>\$ 67,822</b>

Dr. Earl Sloan Public Library  
Logan County

Schedule of Findings  
December 31, 2011 and 2010

**Finding Number 2011-001 (cont)**

**Material Weakness**

Reporting of Financial Activity (continued)

For the year ended December 31, 2010:

<b>Account Description</b>	<b>Increase</b>	<b>Decrease</b>
Public Services & Programs	\$ 23,518	
Collection Development & Processing	10,910	
Facilities Operations & Maintenance	15,995	
Information Services	512	
Business Administration	15,093	
Salaries and Employee Benefits		\$ 36,403
Purchased and Contract Services		13,075
Library Materials and Info		10,807
Supplies		5,743
<b>Totals</b>	<b>\$66,028</b>	<b>\$ 66,028</b>

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

The failure to accurately report financial activity and 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.

Official's Response: We did not receive a response from Officials to the findings reported above.

Dr. Earl Sloan Public Library  
Logan County

Schedule of Prior Audit Findings  
December 31, 2011 and 2010

<u>Finding</u>	<u>Description</u>	<u>Fully Corrected</u>
2009-001	Financial Reporting	Partially; Repeated as 2011-001
2009-002	Finding for Recovery	Yes

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# Dave Yost • 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  
DECEMBER 18, 2012