



Mary Taylor, CPA
Auditor of State

LOGAN-HOCKING COUNTY DISTRICT LIBRARY
HOCKING COUNTY

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Mary Taylor, CPA

Auditor of State

Logan-Hocking County District Library
Hocking County
230 East Main Street
Logan, Ohio 43138

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

July 10, 2007

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Mary Taylor, CPA

Auditor of State

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 Logan-Hocking County District Library, Hocking County, Ohio (the Library), as of and for the years ended December 31, 2006 and 2005. 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 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*. 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, 2006 and 2005 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, 2006 and 2005, 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 Logan-Hocking County District Library, Hocking County, Ohio, as of December 31, 2006 and 2005, 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 July 10, 2007, 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.



Mary Taylor, CPA
Auditor of State

July 10, 2007

LOGAN-HOCKING COUNTY DISTRICT LIBRARY
HOCKING COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Library and Local Government Support	\$ 1,003,084	\$	\$	\$	\$ 1,003,084
Patron Fines and Fees	37,425				37,425
Services Provided to Other Entities					0
Contributions, Gifts and Donations	1,350				1,350
Earnings on Investments	102,488				102,488
Miscellaneous	15,957	19,174			35,131
Total Cash Receipts	1,160,304	19,174	0	0	1,179,478
Cash Disbursements:					
Current:					
Salaries	286,164				286,164
Employee Fringe Benefits	106,277				106,277
Purchased and Contractual Services	93,417	27,320			120,737
Library Materials and Information	188,169				188,169
Supplies	30,341				30,341
Other	3,891				3,891
Capital Outlay	94,944		122,893		217,837
Total Cash Disbursements	803,203	27,320	122,893	0	953,416
Total Cash Receipts Over/(Under) Cash Disbursements	357,101	(8,146)	(122,893)	0	226,062
Other Financing Receipts / (Disbursements):					
Transfers-In			400,000		400,000
Transfers-Out	(400,000)				(400,000)
Total Other Financing Receipts / (Disbursements)	(400,000)	0	400,000	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(42,899)	(8,146)	277,107	0	226,062
Fund Cash Balances, January 1	1,451,850	69,717	656,414	5,747	2,183,728
Fund Cash Balances, December 31	\$ 1,408,951	\$ 61,571	\$ 933,521	\$ 5,747	\$ 2,409,790

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
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Library and Local Government Support	\$ 1,003,084	\$	\$	\$	\$ 1,003,084
Patron Fines and Fees	34,232				34,232
Services Provided to Other Entities					0
Contributions, Gifts and Donations	575				575
Earnings on Investments	27,971				27,971
Miscellaneous	21,668	18,645			40,313
Total Cash Receipts	<u>1,087,530</u>	<u>18,645</u>	<u>0</u>	<u>0</u>	<u>1,106,175</u>
Cash Disbursements:					
Current:					
Salaries	284,732				284,732
Employee Fringe Benefits	108,592				108,592
Purchased and Contractual Services	93,472	10,438	17,479		121,389
Library Materials and Information	214,558				214,558
Supplies	31,021				31,021
Other	89,314				89,314
Total Cash Disbursements	<u>821,689</u>	<u>10,438</u>	<u>17,479</u>	<u>0</u>	<u>849,606</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>265,841</u>	<u>8,207</u>	<u>(17,479)</u>	<u>0</u>	<u>256,569</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	265,841	8,207	(17,479)	0	256,569
Fund Cash Balances, January 1	1,186,009	61,510	673,893	5,747	1,927,159
Fund Cash Balances, December 31	<u>\$ 1,451,850</u>	<u>\$ 69,717</u>	<u>\$ 656,414</u>	<u>\$ 5,747</u>	<u>\$ 2,183,728</u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

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-Hocking County District Library, Hocking County (the Library), as a body corporate and politic. The Library is directed by a seven-member Board of Trustees appointed by staggered seven year terms with three appointed by the Common Pleas Judge and four appointed by the County Commissioners. 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.

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 and common stock at cost or fair value when donated. Money market mutual funds 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.

2. Special Revenue Fund

This fund accounts 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 Special Revenue Fund:

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

3. Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or permanent funds). The Library had the following Capital Project Fund:

Building Fund – The revenue for this fund is derived from contributions, donations and transfers from the General Fund to be used for future building improvements.

4. Permanent Fund

This fund accounts 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:

Dudley Ridge Oil Trust Fund – This fund accounts for stocks which were donated to the Library. Dividends earned by the stock are credited to the General Fund.

E. Budgetary Process

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

A summary of 2006 and 2005 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.

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 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:

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

2. Equity in Pooled Cash and Investments (Continued)

	2006	2005
Demand deposits	\$ 270,761	\$ 250,121
Petty cash	100	100
Certificates of deposit	2,133,182	1,927,760
Total deposits	2,404,043	2,177,981
Investments		
Capital stock (at donated value)	5,747	5,747
Total deposits and investments	\$ 2,409,790	\$ 2,183,728

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Library, or collateralized by the financial institution's public entity deposit pool.

Investments: The donated capital stock is evidenced by securities held by the Library in physical form.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2006 and 2005, follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,063,460	\$ 1,160,304	\$ 96,844
Special Revenue	18,000	19,174	1,174
Capital Projects	0	400,000	400,000
Permanent	0	0	0
Total	\$ 1,081,460	\$ 1,579,478	\$ 498,018

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,397,100	\$ 1,203,203	\$ 193,897
Special Revenue	90,100	27,320	62,780
Capital Projects	900,000	122,893	777,107
Permanent	0	0	0
Total	\$ 2,387,200	\$ 1,353,416	\$ 1,033,784

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. Budgetary Activity (Continued)

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,044,941	\$ 1,087,530	\$ 42,589
Special Revenue	18,000	18,645	645
Capital Projects	0	0	0
Permanent	0	0	0
Total	\$ 1,062,941	\$ 1,106,175	\$ 43,234

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,397,100	\$ 821,689	\$ 575,411
Special Revenue	25,100	10,438	14,662
Capital Projects	600,000	17,479	582,521
Permanent	0	0	0
Total	\$ 2,022,200	\$ 849,606	\$ 1,172,594

4. Grants-In-Aid

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 System

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 2006 and 2005, OPERS members contributed 9% and 8.5%, respectively, of their gross salaries and the Library contributed an amount equaling 13.7% and 13.55%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2006.

6. Risk Management

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- 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*

Logan-Hocking County District Library
Hocking County
230 East Main Street
Logan, Ohio 43138

To the Board of Trustees:

We have audited the financial statements of the Logan-Hocking County District Library, Hocking County, Ohio (the Library), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated July 10, 2007, 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.

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.

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 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. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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*.

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

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

Mary Taylor, CPA
Auditor of State

July 10, 2007



Mary Taylor, CPA
Auditor of State

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
AUGUST 23, 2007**