



Mary Taylor, CPA
Auditor of State

DR. EARL SLOAN PUBIC 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 43347

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.

Mary Taylor

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Auditor of State

April 15, 2010

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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 43347

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, 2009 and 2008. 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, 2009 and 2008 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, 2009 and 2008 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 Library, Logan County, as of December 31, 2009 and 2008, 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 April 15, 2010, 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

April 15, 2010

**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, 2009**

	<u>All Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Permanent</u>	
Cash Receipts:			
Property Taxes	\$21,848		\$21,848
Library and Local Government Support	51,573		51,573
Intergovernmental	1,659		1,659
Patron Fines and Fees	60		60
Contributions, Gifts and Donations	830		830
Earnings on Investments	2,273		2,273
Miscellaneous	1,511		1,511
Total Cash Receipts	<u>79,754</u>		<u>79,754</u>
Cash Disbursements:			
Current:			
Salaries	30,298		30,298
Employee Fringe Benefits	3,949		3,949
Purchased and Contractual Services	18,609		18,609
Library Materials and Information	11,909		11,909
Supplies	2,488		2,488
Other	4,921		4,921
Total Cash Disbursements	<u>72,174</u>		<u>72,174</u>
Total Receipts Over/(Under) Disbursements	<u>7,580</u>		<u>7,580</u>
Fund Cash Balances, January 1	<u>526,246</u>	<u>\$48,000</u>	<u>574,246</u>
Fund Cash Balances, December 31	<u><u>\$533,826</u></u>	<u><u>\$48,000</u></u>	<u><u>\$581,826</u></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, 2008**

	<u>All Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Permanent</u>	
Cash Receipts:			
Property Taxes	\$20,237		\$20,237
Library and Local Government Support	62,954		62,954
Intergovernmental	1,843		1,843
Patron Fines and Fees	16		16
Contributions, Gifts and Donations	788		788
Earnings on Investments	12,481		12,481
Total Cash Receipts	<u>98,319</u>		<u>98,319</u>
Cash Disbursements:			
Current:			
Salaries	26,441		26,441
Employee Fringe Benefits	4,284		4,284
Purchased and Contractual Services	10,322		10,322
Library Materials and Information	9,776		9,776
Supplies	2,520		2,520
Other	5,762		5,762
Capital Outlay	2,587		2,587
Total Cash Disbursements	<u>61,692</u>		<u>61,692</u>
Total Receipts Over/(Under) Disbursements	<u>36,627</u>		<u>36,627</u>
Fund Cash Balances, January 1	<u>489,619</u>	<u>48,000</u>	<u>537,619</u>
Fund Cash Balances, December 31	<u>\$526,246</u>	<u>\$48,000</u>	<u>\$574,246</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, 2009 AND 2008**

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 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 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's only investments are in certificates of deposit which are valued 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. Interest revenue is reported in the General Fund since it is available to fund all Library operations.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2009 and 2008 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.

2. EQUITY IN POOLED DEPOSITS

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:

	2009	2008
Demand deposits	\$533,826	\$526,246
Certificates of deposit	48,000	48,000
Total deposits	\$581,826	\$574,246

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 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$97,000	\$79,754	(\$17,246)
Total	\$97,000	\$79,754	(\$17,246)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$170,800	\$72,174	\$98,626
Total	\$170,800	\$72,174	\$98,626

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$97,000	\$98,319	\$1,319
Total	\$97,000	\$98,319	\$1,319

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$171,000	\$61,692	\$109,308
Total	\$171,000	\$61,692	\$109,308

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 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2009.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

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 43347

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, 2009 and 2008 and have issued our report thereon dated April 15, 2010, 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 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 2009-001 described in the accompanying schedule of findings to be a material weakness.

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 2009-002.

We noted a certain matter not requiring inclusion in this report that we reported to the Library's management in a separate letter dated April 15, 2010.

We intend this report solely for the information and uses of the 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

April 15, 2010

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

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 for the proper recording of financial activity in the accounting records and financial statements. The beginning and ending 2009 and 2008 Permanent Fund Balances, reported as \$48,000 for each year, were reported as part of the General Fund balance in the financial statements.

The Library's 2008 accounting records and financial statements had revenue classification errors of \$25,238 and expenditure classification errors of \$16,358. The Library's 2009 accounting records and financial statements had revenue classification errors of \$74,577 and expenditure classification errors of \$12,590. The errors were the result of incorrectly classifying property tax revenue, library and local government support revenue, intergovernmental revenue, employee fringe benefits, purchased and contractual services, and capital outlay.

During 2009 and 2008, earnings on investments and library materials and information, in the amount of \$1,157 and \$3,158, respectively, were reported in both the General Fund and the Permanent Fund on the annual financial statements.

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. The Board of Trustees should periodically perform a detailed review of the accounting records and the annual financial reports to help identify errors.

FINDING NUMBER 2009-002

Finding For Recovery/Repaid Under Audit

Ohio Rev. Code Section 9.24(G)(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(G)(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. In 2009, the Township reimbursed the second half personal property tax settlement in the amount of \$118 twice to the Library. In 2008, the Township did not disburse homestead and rollback in the amount of \$1,331. In addition the Township did not disburse the electric deregulation and tangible tax reimbursement in the amount of \$1,011 in 2009 and \$637 in 2008.

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 \$2,861, and in favor of the Library's General Fund.

On March 30, 2010, the Township issued check number 13031, in the amount of \$2,861, which was recorded in the Library's General Fund on April 9, 2010 with receipt #1733.

OFFICIALS' 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, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Financial Reporting	No	Repeated as 2009-001
2007-002	Finding for Recovery	No	Finding repaid, however, a similar finding for recovery has been repeated as 2009-002



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
MAY 18, 2010**