



Dave Yost • Auditor of State



**LOGAN-HOCKING COUNTY DISTRICT LIBRARY  
HOCKING COUNTY  
DECEMBER 31, 2016 AND 2015**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Logan-Hocking County District Library, Hocking County, Ohio (the Library), as of and for the years ended December 31, 2016 and 2015.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Library does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2016 and 2015, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Logan-Hocking County District Library, Hocking County, Ohio, as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2017, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 5, 2017

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Public Library	\$839,984	\$0	\$839,984
Rental of Real Estate	9,550	0	9,550
Patron Fines and Fees	34,850	0	34,850
Earnings on Investments	8,753	0	8,753
Miscellaneous	4,188	0	4,188
<i>Total Cash Receipts</i>	<u>897,325</u>	<u>0</u>	<u>897,325</u>
<b>Cash Disbursements</b>			
Current:			
Library Services:			
Collection Development and Processing	157,157	0	157,157
Support Services:			
Facilities Operation and Maintenance	183,896	14,000	197,896
Information Services	11,732	0	11,732
Business Administration	498,573	0	498,573
<i>Total Cash Disbursements</i>	<u>851,358</u>	<u>14,000</u>	<u>865,358</u>
<i>Net Change in Fund Cash Balances</i>	45,967	(14,000)	31,967
<i>Fund Cash Balances, January 1</i>	<u>1,092,468</u>	<u>244,864</u>	<u>1,337,332</u>
<b>Fund Cash Balances, December 31</b>			
Assigned	337,081	230,864	567,945
Unassigned (Deficit)	801,354	0	801,354
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,138,435</u></u>	<u><u>\$230,864</u></u>	<u><u>\$1,369,299</u></u>

See accompanying notes to the basic financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Note 1 - Reporting Entity**

The Logan-Hocking County District Library (the Library), Hocking County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Common Pleas Court Judge and County Commissioners 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.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Library's financial statements consist of a Combined Statement of Receipts, Disbursements and changes in Fund Balances (Regulatory Cash Basis) for all governmental fund types.

***Fund Accounting***

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Library are presented below:

***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Capital Projects Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following Capital Projects Fund:

***Building Fund*** – The building fund for monies set aside by the Board of Library Trustees specifically for capital improvements and additions.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

***Budgetary Process***

The Board must annually approve appropriation measures and subsequent amendments. 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 2016 budgetary activity appears in Note 3.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***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 values common stock at fair value when donated.

***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.

***Fund Balance***

Fund balance is divided into two 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:

***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 Board 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 balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$893,658	\$897,325	\$3,667
Capital Projects	0	0	0
Total	\$893,658	\$897,325	\$3,667

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 3 - Budgetary Activity (Continued)**

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,222,700	\$851,358	\$371,342
Capital Projects	125,000	14,000	111,000
Total	\$1,347,700	\$865,358	\$482,342

**Note 4 - Deposits and Investments**

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

	2016
Demand deposits	\$220,003
Certificates of Deposit	800,000
Money Market	343,549
Total deposits	1,363,552
Investments:	
Capital Stock (at donated value)	5,747
Total deposits and Investments	\$1,369,299

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library.

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

**Note 5 - Grants in Aid**

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 using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

**Note 6 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

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**Note 7 - Defined Benefit Pension Plan**

***Ohio Public Employees 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.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Library contributed an amount equaling 14%, of participants' gross salaries. The Library has paid all contributions required through December 31, 2016.

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Public Library	\$845,950	\$0	\$845,950
Rental of Real Estate	13,025	0	13,025
Patron Fines and Fees	34,371	0	34,371
Contributions, Gifts and Donations	600	0	600
Earnings on Investments	5,301	0	5,301
Miscellaneous	7,796	0	7,796
<i>Total Cash Receipts</i>	<u>907,043</u>	<u>0</u>	<u>907,043</u>
<b>Cash Disbursements</b>			
Current:			
Library Services:			
Collection Development and Processing	155,719	0	155,719
Support Services:			
Facilities Operation and Maintenance	176,122	0	176,122
Information Services	13,446	0	13,446
Business Administration	482,223	0	482,223
<i>Total Cash Disbursements</i>	<u>827,510</u>	<u>0</u>	<u>827,510</u>
<i>Net Change in Fund Cash Balances</i>	79,533	0	79,533
<i>Fund Cash Balances, January 1 (as Restated)</i>	<u>1,012,935</u>	<u>244,864</u>	<u>1,257,799</u>
<b>Fund Cash Balances, December 31</b>			
Assigned	319,242	244,864	564,106
Unassigned (Deficit)	773,226	0	773,226
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,092,468</u></u>	<u><u>\$244,864</u></u>	<u><u>\$1,337,332</u></u>

See accompanying notes to the basic financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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**Note 1 - Reporting Entity**

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**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

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***Building Fund*** – The building fund for monies set aside by the Board of Library Trustees specifically for capital improvements and additions.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

***Budgetary Process***

The Board must annually approve appropriation measures and subsequent amendments. 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 2015 budgetary activity appears in Note 3.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***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 values common stock at fair value when donated.

***Accumulated Leave***

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***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 balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$819,853	\$907,043	\$87,190
Capital Projects	0	0	0
Total	\$819,853	\$907,043	\$87,190

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**Note 3 - Budgetary Activity (Continued)**

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,112,700	\$827,510	\$285,190
Capital Projects	125,000	0	125,000
Total	\$1,237,700	\$827,510	\$410,190

**Note 4 - Deposits and Investments**

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

	2015
Demand deposits	\$193,765
Certificates of Deposit	800,000
Money Market	337,821
Total deposits	1,331,586
Investments:	
Capital Stock (at donated value)	5,747
Total deposits and Investments	\$1,337,333

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library.

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

**Note 5 - Grants in Aid**

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 using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

**Note 6 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**Note 7 - Defined Benefit Pension Plan**

***Ohio Public Employees 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.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Library contributed an amount equaling 14%, of participants' gross salaries. The Library has paid all contributions required through December 31, 2015.

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Note 9 - Restatement of Fund Balances**

Prior to 2015, the Library reported activity relating to the rental of Library-owned real estate as a special revenue fund. Additionally, the Library previously reported the value of donated common stock as a permanent fund. Under Governmental Accounting Standards Board (GASB) Statement No. 54, that was effective for the Library's December 31, 2011 financial statements, the foundation sources for these funds no longer met the requirements to be reported as a special revenue fund and permanent fund. As such, the fund balances and activity were reclassified under the General Fund. This reclassification had the following impact on the January 1, 2015 fund balances:

<u>Fund Type</u>	<u>Unadjusted 12/31/2014 Fund Balance</u>	<u>GASB 54 Adjustment</u>	<u>Adjusted 1/1/2015 Fund Balance</u>
General	\$907,757	\$105,178	\$1,012,935
Special Revenue	99,431	(99,431)	0
Permanent	5,747	(5,747)	0



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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 E. Main Street  
Logan, Ohio 43138

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Logan-Hocking County District Library, Hocking County, Ohio (the Library), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated June 5, 2017, wherein we noted the Library followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider Finding 2016-001 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.

743 East State Street, Athens Mall Suite B, Athens, Ohio 45701-2157  
Phone: 740-594-3300 or 800-441-1389 Fax: 740-594-2110

[www.ohioauditor.gov](http://www.ohioauditor.gov)

However, opining 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*.

***Entity's Response to Finding***

The Library's response to the Finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Library's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 5, 2017

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

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

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

**FINDING NUMBER 2016-001**

**Material Weakness**

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Fiscal Officer posted certain material transactions incorrectly resulting in audit adjustments as listed below:

- The Rental Fund was incorrectly classified as a Special Revenue Fund even though this fund did not have the required restricted or committed revenue source to be classified as special revenue in accordance with GASB 54. For the year ended December 31, 2015, rental receipts of \$13,025, facilities operations and maintenance expenditures of \$3,228 and the beginning fund cash balance of \$99,431 were moved from the Rental Fund and into the General Fund. For the year ended December 31, 2016, rental receipts of \$9,550, facilities operations and maintenance expenditures of \$12,635 and the beginning fund cash balance of \$109,228 were moved from the Rental Fund and into the General Fund.
- A portion of the General Fund equity that was included as part of the subsequent years' appropriations was incorrectly posted as Unassigned rather than as Assigned. As a result, \$319,242 of the Unassigned Fund balance was reclassified as Assigned at December 31, 2015 and \$337,081 of the Unassigned Fund balance was reclassified as Assigned at December 31, 2016.
- The Capital Project Fund equity was misclassified based on Board intent. As a result, \$244,864 of the Unassigned Fund balance was reclassified as Assigned at December 31, 2015 and \$230,864 of the Unassigned Fund balance was reclassified as Assigned at December 31, 2016.
- The Dudley Ridge Oil Trust Fund was previously classified as a Permanent Fund. However, the fund did not meet the requirements to be classified as a permanent fund in accordance with GASB 54. As a result, the cash balance of \$5,747 at January 1, 2015 and at both December 31, 2015 and 2016 was reclassified into the General Fund.

The following represents the cumulative effect of the adjustments listed above on the respective fund cash balances as of December 31, 2016:

Fund Name	Unadjusted Balances at 12/31/16	Audit Adjustment	Adjusted Balances at 12/31/16
General Fund	\$1,026,544	\$111,890	\$1,138,434
Rental Fund	106,143	(106,143)	0
Permanent Fund	5,747	(5,747)	0

These misstatements were caused by confusion over proper classifications and a lack of management oversight. As a result, significant adjustments and reclassifications, with which the Library's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

LOGAN-HOCKING COUNTY DISTRICT LIBRARY  
HOCKING COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2016-001 (Continued)

**Material Weakness (Continued)**

To ensure the Library's financial statements and notes to the financial statements are complete and accurate, the Fiscal Officer should review the audit adjustments and Auditor of State Bulletin 2011-004 for guidance on the correct line items to post various receipts and expenditures as well as fund balance classifications of the Library in future audit periods.

**Official's Response:** Management has acknowledged the items identified and are making steps to correct this in the future.



# Dave Yost • 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  
JUNE 22, 2017