

LOGAN-HOCKING COUNTY DISTRICT LIBRARY

Hocking County

Regular Audit

January 1, 2003 through December 31, 2004

Fiscal Years Audited Under GAGAS: 2003 - 2004

BALESTRA, HARR & SCHERER, CPAs, INC.

**CERTIFIED PUBLIC ACCOUNTANTS
528 SOUTH WEST STREET, P.O. Box 687
PIKETON, OHIO 45661**

TELEPHONE (740) 289-4131

FAX (740) 289-3639

www.bhscpas.com



**Auditor of State
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the Logan-Hocking County District Library, Hocking County, prepared by Balestra, Harr & Scherer CPAs, Inc., for the audit period January 1, 2003 through December 31, 2004. 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 Auditor's 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 Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

November 2, 2005

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

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BALESTRA, HARR & SCHERER, CPAs, INC.
CERTIFIED PUBLIC ACCOUNTANTS
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PIKETON, OHIO 45661

TELEPHONE (740) 289-4131

FAX (740) 289-3639

www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

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

We have audited the accompanying financial statements of the Logan-Hocking County District Public Library, Hocking County, (the Library) as of and for the years ended December 31, 2004 and December 31, 2003. These financial statements are the responsibility of the Government'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 government 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. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP require the Library to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the funds accompanying financial statements presented for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Library has elected not to reformat its statements. Since the Library does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts are materially misstated under 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 paragraph, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Government's combined funds as of December 31, 2004, or their changes in financial position for the year 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 Logan-Hocking County District Library, Hocking County, as of December 31, 2004 and December 31, 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion & Analysis for the year ended December 31, 2004. The Library has not presented Management's Discussion & 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 31, 2005, on our consideration of the Government'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 testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. 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.



Balestra, Harr & Scherer, CPAs, Inc.

July 31, 2005

LOGAN-HOCKING COUNTY DISTRICT LIBRARY
HOCKING COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2004**

	Governmental Fund Types			Fiduciary	Totals
	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only)
Cash Receipts:					
Government Grants-In-Aid	\$ 997,583	\$ -	\$ -	\$ -	\$ 997,583
Patrons Fines and Fees	32,641	-	-	-	32,641
Earnings on Investments	28,910	-	-	-	28,910
Contributions, Gifts and Donations	1,005	-	-	-	1,005
Charges for Services	-	24,099	-	-	24,099
Miscellaneous	8,647	-	-	-	8,647
Total Cash Receipts	1,068,786	24,099	-	-	1,092,885
Cash Disbursements:					
Current:					
Salaries & Benefits	383,376	-	-	-	383,376
Supplies	20,601	-	-	-	20,601
Purchased and Contracted Services	84,870	-	-	-	84,870
Library Materials and Information	197,207	-	-	-	197,207
Other	3,629	15,171	-	-	18,800
Capital Outlay	26,379	-	7,350	-	33,729
Total Cash Disbursements	716,062	15,171	7,350	-	738,583
Total Cash Receipts Over/(Under) Cash Disbursements	352,724	8,928	(7,350)	-	354,302
Fund Cash Balance, January 1	833,285	52,582	681,243	5,747	1,572,857
Fund Cash Balance, December 31	\$ 1,186,009	\$ 61,510	\$ 673,893	\$ 5,747	\$ 1,927,159

The accompanying 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
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2003**

	Governmental Fund Types			Fiduciary	Totals
	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only)
Cash Receipts:					
Government Grants-In-Aid	\$ 991,368	\$ -	\$ -	\$ -	\$ 991,368
Patrons Fines and Fees	29,189	-	-	-	29,189
Earnings on Investments	36,375	-	-	-	36,375
Contributions, Gifts and Donations	50,370	-	-	-	50,370
Charges for Services	-	32,740	-	-	32,740
Miscellaneous	6,364	-	-	-	6,364
Total Cash Receipts	1,113,666	32,740	-	-	1,146,406
Cash Disbursements:					
Current:					
Salaries & Benefits	383,287	-	-	-	383,287
Supplies	24,290	-	-	-	24,290
Purchased and Contracted Services	86,831	-	-	-	86,831
Library Materials and Information	221,879	-	-	-	221,879
Other	21,901	-	-	-	21,901
Capital Outlay	-	15,576	7,318	-	22,894
Total Cash Disbursements	738,188	15,576	7,318	-	761,082
Total Cash Receipts Over/(Under) Cash Disbursements	375,478	17,164	(7,318)	-	385,324
Other Financing Receipts/(Disbursements):					
Transfers-In	-	-	300,000	-	300,000
Transfers-Out	(300,000)	-	-	-	(300,000)
Total Other Financing Receipts/(Disbursements)	(300,000)	-	300,000	-	-
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	75,478	17,164	292,682	-	385,324
Fund Cash Balance, January 1	757,807	35,418	388,561	5,747	1,187,533
Fund Cash Balance, December 31	\$ 833,285	\$ 52,582	\$681,243	\$ 5,747	\$ 1,572,857

The accompanying 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, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Logan-Hocking County District Library, Hocking County (the Library), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is directed by an appointed seven-member Board of Trustees. The Library provides the community with various educational and literary resources.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit accounts are valued at cost. The Library has 3,025 shares of donated capital stock. The stock has no nominal or par value, and is valued at cost when donated. The stock is transferable only on the books of the issuing corporation. The value of the stock for financial reporting purposes was \$5,747 at both December 31, 2004 and 2003.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Funds:

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

Gates Fund – This fund receives grant money to purchase computers for the Library.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Projects Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following Capital Projects Fund:

Building Fund - The revenue for this fund is contributions and donations and transfers from the general fund to be used for future building improvements.

4. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. Other trust funds are classified as Expendable. The Library had the following Fiduciary Fund:

Trust Fund - This fund accounts for stocks which were donated to the Library. Dividends earned by the stocks were credited to the General Fund. The Trust Fund is classified as an Expendable Trust Fund.

E. Budgetary Process

1. Appropriations

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances may not exceed appropriations at the fund, function, level of control.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's basis of accounting the Library uses.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2004	2003
Demand deposits	\$ 408,613	\$ 557,372
Petty Cash	100	100
Certificates of deposit	1,512,699	1,009,638
Toal Deposits	\$ 1,921,412	\$ 1,567,110
Investments - Donated Stock	5,747	5,747
Total Deposits and Investments	\$ 1,927,159	\$ 1,572,857

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and December 31, 2003:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,040,650	\$ 1,068,786	\$ 28,136
Special Revenue	25,000	24,099	(901)
Capital Projects	-	-	-
Expendable Trust	1,512	-	(1,512)
Total	\$ 1,067,162	\$ 1,092,885	\$ 25,723

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,397,100	\$ 716,062	\$ 681,038
Special Revenue	25,100	15,171	9,929
Capital Projects	300,000	7,350	292,650
Expendable Trust	-	-	-
Total	\$ 1,722,200	\$ 738,583	\$ 983,617

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,013,000	\$ 1,113,666	\$ 100,666
Special Revenue	35,000	32,740	(2,260)
Capital Projects	300,000	300,000	-
Expendable Trust	1,500	-	(1,500)
Total	\$ 1,349,500	\$ 1,446,406	\$ 96,906

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,397,100	\$ 1,038,188	\$ 358,912
Special Revenue	38,000	15,576	22,424
Capital Projects	500,000	7,318	492,682
Expendable Trust	-	-	-
Total	<u>\$ 1,935,100</u>	<u>\$ 1,061,082</u>	<u>\$ 874,018</u>

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 LLGSF is allocated 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 any additional revenues the Library receives.

5. RETIREMENT SYSTEMS

The Library's officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, members of PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all employer contributions required through December 31, 2004.

7. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

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

BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Logan Hocking County District Library
230 East Main Street
Logan, Ohio 43138

We have audited the financial statements of the Logan-Hocking Memorial Library, Hocking County, Ohio (the Library), as of and for the years ended December 31, 2004 and 2003 and have issued our report thereon dated July 31, 2005, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Logan-Hocking County District Library
Hocking County
Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Required by
Government Auditing Standards
Page 2

We noted certain matters that we reported to the management of the District in a separate letter dated July 31, 2005.

This report is intended for the information and use of the audit committee, management, the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

July 31, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
NOVEMBER 15, 2005**