



Dave Yost • Auditor of State

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

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Dave Yost • Auditor of State

Logan-Hocking County District Library
Hocking County
230 E. 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.

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Dave Yost
Auditor of State

July 12, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Logan-Hocking County District Library, Hocking County, Ohio (the Library), as of and for the years ended December 31, 2010 and 2009. 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, 2010 and 2009 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, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Logan-Hocking County District Library, Hocking County, Ohio, as of December 31, 2010 and 2009, 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 12, 2011, 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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

July 12, 2011

LOGAN-HOCKING COUNTY DISTRICT LIBRARY
HOCKING COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	All Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Library and Local Government Support	\$ 762,113	\$	\$	\$	\$ 762,113
Patron Fines and Fees	38,941				38,941
Contributions, Gifts and Donations	245				245
Earnings on Investments	15,007				15,007
Miscellaneous	22,759	10,100			32,859
Total Cash Receipts	839,065	10,100	0	0	849,165
Cash Disbursements:					
Current:					
Salaries	345,036				345,036
Employee Fringe Benefits	136,062				136,062
Purchased and Contractual Services	107,433	7,231			114,664
Library Materials and Information	136,046				136,046
Supplies	41,013				41,013
Other	3,136				3,136
Capital Outlay	8,545		240,290		248,835
Total Cash Disbursements	777,271	7,231	240,290	0	1,024,792
Total Cash Receipts Over/(Under) Cash Disbursements	61,794	2,869	(240,290)	0	(175,627)
Fund Cash Balances, January 1	667,637	73,777	494,270	5,747	1,241,431
Fund Cash Balances, December 31	\$ 729,431	\$ 76,646	\$ 253,980	\$ 5,747	\$ 1,065,804

LOGAN-HOCKING COUNTY DISTRICT LIBRARY
HOCKING COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	All Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Library and Local Government Support	\$ 811,209	\$	\$	\$	\$ 811,209
Patron Fines and Fees	40,937				40,937
Contributions, Gifts and Donations	650		42,817		43,467
Earnings on Investments	45,451				45,451
Miscellaneous	30,660	10,770			41,430
Total Cash Receipts	928,907	10,770	42,817	0	982,494
Cash Disbursements:					
Current:					
Salaries	330,444				330,444
Employee Fringe Benefits	128,688				128,688
Purchased and Contractual Services	128,232	8,985			137,217
Library Materials and Information	139,691				139,691
Supplies	42,104				42,104
Other	3,614				3,614
Capital Outlay	21,860		1,508,498		1,530,358
Total Cash Disbursements	794,633	8,985	1,508,498	0	2,312,116
Total Cash Receipts Over/(Under) Cash Disbursements	134,274	1,785	(1,465,681)	0	(1,329,622)
Fund Cash Balances, January 1	533,363	71,992	1,959,951	5,747	2,571,053
Fund Cash Balances, December 31	\$ 667,637	\$ 73,777	\$ 494,270	\$ 5,747	\$ 1,241,431

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, 2010 AND 2009**

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. 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 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

These funds account 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:

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

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

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following significant 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 of Trustees 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 2010 and 2009 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 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:

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

2. Equity in Pooled Deposits and Investments (Continued)

	2010	2009
Demand deposits	\$52,296	\$34,186
Petty Cash	100	100
Money Market	1,007,661	1,201,398
Total deposits	1,060,057	1,235,684
Investments:		
Capital Stock (at donated value)	5,747	5,747
Total Investments	5,747	5,747
Total deposits and Investments	\$1,065,804	\$1,241,431

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation, 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 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$823,798	\$839,065	\$15,267
Special Revenue	10,800	10,100	(700)
Capital Projects	0	0	0
Total	\$834,598	\$849,165	\$14,567

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,084,100	\$777,271	\$306,829
Special Revenue	20,600	7,231	13,369
Capital Projects	275,000	240,290	34,710
Total	\$1,379,700	\$1,024,792	\$354,908

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity (Continued)

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$989,394	\$928,907	(\$60,487)
Special Revenue	10,800	10,770	(30)
Capital Projects	0	42,817	42,817
Total	\$1,000,194	\$982,494	(\$17,700)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,354,600	\$794,633	\$559,967
Special Revenue	42,100	8,985	33,115
Capital Projects	1,900,000	1,508,498	391,502
Total	\$3,296,700	\$2,312,116	\$984,584

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.

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 2010 and 2009, OPERS members contributed 10%, respectively, 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, 2010.

6. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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



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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 E. 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 year ended December 31, 2010 and 2009, and have issued our report thereon dated July 12, 2011, 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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, the Board of Trustees, and others within the Library. We intend it for no one other than these specified parties.

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Dave Yost
Auditor of State

July 12, 2011

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Ohio Admin Code Section 117-8-02, expenditures exceeded appropriations.	Yes	

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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 4, 2011