

DR. EARL SLOAN PUBLIC LIBRARY
LOGAN COUNTY, OHIO

Audited Financial Statements

For the Years ended December 31, 2017 and 2016



Dave Yost • Auditor of State

Board of Trustees
Dr. Earl Sloan Public Library
P.O. Box 116
Zanesfield, Ohio 43360

We have reviewed the *Independent Auditor's Report* of the Dr. Earl Sloan Public Library, Logan County, prepared by Van Krevel and Company, CPA's, for the audit period January 1, 2016 through December 31, 2017. 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.

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 Dr. Earl Sloan Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 6, 2018

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

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Dr. Earl Sloan Public Library
Logan County
P. O. Box 116
Zanesfield, OH 43360

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 Dr. Earl Sloan Public Library, Logan County, Ohio (the Library) as of and for the years ended December 31, 2017 and 2016.

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 Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 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.

**Dr. Earl Sloan Public Library
Logan County
Independent Auditor's Report
Page 2**

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 Section 117.38 and Ohio Administrative Code Section 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, 2017 and 2016, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of Dr. Earl Sloan Public Library, Logan County, Ohio as of December 31, 2017 and 2016, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 27, 2018, 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 Government's internal control over financial reporting and compliance.

Van Krevel + Company

**Van Krevel & Company
Dublin, Ohio**

June 27, 2018

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Permanent	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$36,937		\$36,937
Public Library	53,439		53,439
Intergovernmental	1,121		1,121
Patron Fines and Fees	66		66
Contributions, Gifts and Donations	81		81
Earnings on Investments	65	\$24	89
Miscellaneous	1,229		1,229
<i>Total Cash Receipts</i>	<u>92,938</u>	<u>24</u>	<u>92,962</u>
Cash Disbursements			
Current:			
Library Services:			
Public Services and Programs	26,476		26,476
Collection Development and Processing	12,015	132	12,147
Support Services:			
Facilities Operation and Maintenance	13,619		13,619
Information Services	1,793		1,793
Business Administration	13,799		13,799
Capital Outlay	5,490		5,490
<i>Total Cash Disbursements</i>	<u>73,192</u>	<u>132</u>	<u>73,324</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>19,746</u>	<u>(108)</u>	<u>19,638</u>
<i>Fund Cash Balances, January 1</i>	<u>610,177</u>	<u>48,132</u>	<u>658,309</u>
Fund Cash Balances, December 31			
Nonspendable	-	48,000	48,000
Restricted	-	24	24
Assigned	129,640		129,640
Unassigned	500,283	-	500,283
<i>Fund Cash Balances, December 31</i>	<u>\$629,923</u>	<u>\$48,024</u>	<u>\$677,947</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, 2017**

1. Reporting Entity

Description of the Entity

The Dr. Earl Sloan Public Library (the Library) 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 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.

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:

1. 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 laws of Ohio.

2. Permanent Fund

These funds account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Library had the following significant permanent fund:

SLOAN FUND – This fund is restricted as to principal. The earnings are used to purchase library materials. Investment Income is reported in the General Fund since it is available to fund all Library operations.

Basis of Accounting

These financial statements follow the accounting basis permitted by financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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).

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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 the 2017 budgetary activity appears in Note 3.

Deposits and Investments

The Library's accounting basis includes investment 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.

Capital Assets

The Library records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

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 five 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:

Non Spendable – The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed – Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

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 Trustees 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.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$90,000	\$92,938	\$2,938
Permanent	25	24	(1)
Total	\$90,025	\$92,962	\$2,937

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$193,120	\$73,192	\$119,928
Permanent	80	132	(52)
Total	\$193,200	\$73,324	\$119,876

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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 at December 31 was as follows:

	<u>2017</u>
Demand Deposits	<u>\$677,947</u>
Total Deposits	<u>\$677,947</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool, or, effective January 1, 2018, collateralized through the Ohio Pooled Collateral System (OPCS).

5. Grants-in-aid and Tax Receipts

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.

Property Taxes

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 Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental. 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.

The County is responsible for assessing property and for billing, collecting and distributing all property taxes on behalf of the Library.

Jefferson Township Trustees in 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 tax and intergovernmental receipts on the Library's financial statements.

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).

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

6. Risk Management (continued)

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

7. Defined Benefit Pension Plans

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.

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10% of their gross salaries, and the Library contributed an amount equal to 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2017.

8. Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit post-employment 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 traditional pension and combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1% during calendar year 2017.

**DR. EARL SLOAN PUBLIC LIBRARY
LOGAN 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	Permanent	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$37,715		\$37,715
Public Library	53,225		53,225
Intergovernmental	4,726		4,726
Patron Fines and Fees	143		143
Contributions, Gifts and Donations	76		76
Earnings on Investments	57	\$24	81
Miscellaneous	2,255		2,255
<i>Total Cash Receipts</i>	<u>98,197</u>	<u>24</u>	<u>98,221</u>
Cash Disbursements			
Current:			
Library Services:			
Public Services and Programs	23,840		23,840
Collection Development and Processing	14,656		14,656
Support Services:			
Facilities Operation and Maintenance	14,936		14,936
Information Services	1,426		1,426
Business Administration	15,161		15,161
Capital Outlay	2,785		2,785
<i>Total Cash Disbursements</i>	<u>72,804</u>	<u>-</u>	<u>72,804</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>25,393</u>	<u>24</u>	<u>25,417</u>
<i>Fund Cash Balances, January 1</i>	<u>584,784</u>	<u>48,108</u>	<u>632,892</u>
Fund Cash Balances, December 31			
Nonspendable	-	48,000	48,000
Restricted	-	132	132
Assigned	103,120		103,120
Unassigned	507,057	-	507,057
<i>Fund Cash Balances, December 31</i>	<u>\$610,177</u>	<u>\$48,132</u>	<u>\$658,309</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 STATEMENT
DECEMBER 31, 2016**

1. Reporting Entity

Description of the Entity

The Dr. Earl Sloan Public Library (the Library) 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 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.

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:

1. 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 laws of Ohio.

2. Permanent Fund

These funds account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Library had the following significant permanent fund:

SLOAN FUND – This fund is restricted as to principal. The interest earned on the nonexpendable amount from a trust agreement is restricted for the purchase of books for the Library.

Basis of Accounting

These financial statements follow the accounting basis permitted by financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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).

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

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2016**

2. Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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 the 2016 budgetary activity appears in Note 3.

Deposits and Investments

The Library's accounting basis includes investment 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.

Capital Assets

The Library records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

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 five 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:

Non Spendable – The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed – Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2016**

2. Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

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 Trustees 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.

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	\$85,000	\$98,197	\$13,197
Permanent	25	24	(1)
Total	\$85,025	\$98,221	\$13,196

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$205,900	\$72,804	\$133,096
Permanent	80	80	80
Total	\$205,980	\$72,804	\$133,176

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

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2016**

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 at December 31 was as follows:

	<u>2016</u>
Demand Deposits	\$658,309
Total Deposits	<u>\$658,309</u>

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

5. Grants-in-aid and Tax Receipts

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.

Property Taxes

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 Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental. 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.

The County is responsible for assessing property and for billing, collecting and distributing all property taxes on behalf of the Library.

Jefferson Township Trustees in 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 tax and intergovernmental receipts on the Library's financial statements.

6. Fund Balance Adjustment – January 1, 2016

The Library previously reported earnings of the Permanent Fund in the General Fund. An adjustment was made at January 1, 2016 to restate the beginning cash fund balances of the General Fund and Permanent Fund as follows:

	General Fund	Permanent Fund
Balances at January 1, 2016 (as previously reported)	\$ 584,892	\$48,000
Reclass interest earned to Permanent Fund-Restricted	<u>(108)</u>	<u>108</u>
Balances at January 1, 2016 (restated)	<u>\$ 584,784</u>	<u>\$48,108</u>

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

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2016**

7. 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;
- Errors and omissions.

8. Defined Benefit Pension Plans

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.

The Ohio Revised Code also prescribes contribution rates. For 2016, 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.

9. Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit post-employment 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2% during calendar year 2016.



CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S 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
P O Box 116
Zanesfield, OH 43360

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 Dr. Earl Sloan Public Library, Logan County, Ohio (the Library) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated June 27, 2018 wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 a 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider significant deficiencies. We consider findings 2017-001 and 2017-002 to be significant deficiencies.

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, 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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as finding 2017-002.

Entity's Response to Findings

The Library's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Library's responses and, accordingly, we express no opinion on them.

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.

Van Krevel + Company

VAN KREVEL & COMPANY
Dublin, Ohio

June 27, 2018

DR. EARL SLOAN PUBLIC LIBRARY
LOGAN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-001

Significant Deficiency – Financial Reporting

In our audit engagement letter dated May 11, 2018, management acknowledged its responsibility for the preparation and fair presentation of their financial statements. This 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.

Accurate financial reporting is necessary to ensure the information provided to the readers of the financial statements accurately reflects the Library's activity. The Library should have procedures in place to prevent or detect material misstatements of the Library's financial statements.

We identified the following errors requiring adjustment to the financial statements and/or notes to the financial statements for the year ended December 31, 2017:

Financial Statements

Assigned Fund Cash Balance in the General Fund was overstated by \$90,000. Unassigned Fund Cash Balance in the General Fund was understated by \$90,000.

We identified the following errors requiring adjustment to the financial statements and/or notes to the financial statements for the year ended December 31, 2016:

Financial Statements

Intergovernmental cash receipts in the amount of \$2,076 were erroneously reported as Miscellaneous cash receipts.

Notes to the Financial Statements

Budgeted receipts were overstated \$10,056.
Appropriation authority was understated by \$12,836.

The Library's 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.

Financial statements should accurately reflect the final general ledger. The reclassifications and adjustments identified during the audit should be reviewed by the Fiscal Officer to provide that similar errors are not reported on the financial statements in subsequent years. In addition, to improve financial reporting and accountability, the Library Board of Trustees should review the financial statements to identify and correct errors and omissions

Official's Response: The Fiscal Officer will take greater care in assuring estimated receipts and expenditures in QuickBooks are the amounts filed with the Auditor of State.

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

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

FINDING NUMBER 2017-002

Noncompliance and Significant Deficiency

Ohio Revised Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificate of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater than the amount in the official certificate of estimated resources. Ohio Revised Code Section 5705.36(A)(3) requires obtaining an increased amended certificate from the budget commission if the legislative authority intends to appropriate and expend excess revenue. Ohio Revised Code Section 5705.40 allows an entity to amend or supplement appropriations.

Ohio Revised Code Section 5705.40 allows for appropriation measures to be amended or supplemented if the entity complies with the same laws used in making the original appropriation. Budgeted appropriations coincide with either the final appropriations the legislative body passed prior to fiscal year-end or the sum of those final appropriations plus encumbrances carried forward from the prior year.

During 2017 and 2016, the fiscal officer recorded estimated receipts in their accounting system in excess of the amounts filed with the Budget Commission for the General Fund.

This failure resulted in the following budgetary receipt variances:

	<u>Budgeted Receipts Per Library</u>	<u>Budgeted Receipts Per Final Certificate Of Estimated Resources</u>	<u>Overstated (Understated) Variance</u>
<u>2017</u> General Fund	\$94,616	\$ 90,000	\$ 4,616
<u>2016</u> General Fund	\$ 95,032	\$ 85,000	\$ 10,032

During 2017 and 2016, the fiscal officer recorded appropriations in their accounting system that were less than the amount of the final appropriations filed with the County Auditor. The General Fund appropriations were understated by \$3,000 and \$5,500 in 2017 and 2016, respectively.

All local public offices should integrate budgetary amounts at the legal level of control or lower into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

Inaccurate budgetary information posted to the accounting system could result in management of the Library being unable to effectively monitor and report its budget versus actual status throughout the year. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present budgeted receipts and appropriation authority as certified by the County Budget Commission.

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)</p>

FINDING NUMBER 2017-002 (continued)

Noncompliance and Significant Deficiency (continued)

We recommend that the Fiscal Officer record estimated receipts as reported in the certificate of estimated resources and any amendments thereto. This will ensure useful comparisons of estimated to actual receipts made throughout the year and help indicate when an increased or decreased amended certificate should be obtained. We also recommend that the Fiscal Officer review the amounts recorded in the accounting system for appropriations to ensure they are in agreement with the appropriations filed with the County Auditor, including amendments.

Officials Response: The Fiscal Officer will accurately review amounts recorded in QuickBooks for appropriations to make certain they are in agreement with the appropriations and any amendments filed with the Logan County Auditor and will compare estimated to actual receipts.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2015-001	Financial Reporting	No	Partially Corrected; Repeated As Finding 2017-001
2015-002	Erroneous Payment	Yes	
2015-003	Reconciliation of Funds Due	Yes	



Dave Yost • Auditor of State

DR. EARL S. 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
SEPTEMBER, 20 2018