



Mary Taylor, CPA  
Auditor of State



CHAMPAIGN COUNTY LIBRARY  
CHAMPAIGN COUNTY

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# Mary Taylor, CPA

Auditor of State

Champaign County Library  
Champaign County  
1060 Scioto Street  
Urbana, Ohio 43078

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 a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Library 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 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.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

June 1, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Champaign County Library  
Champaign County  
1060 Scioto Street  
Urbana, Ohio 43078

To the Board of Trustees:

We have audited the accompanying financial statements of Champaign County Library, Champaign County, (the Library), as of and for the years ended December 31, 2006 and 2005. 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.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require the Library to reformat their statements. The Library has elected not to reformat its statements. Since this Library does not use GAAP to measure financial statement amounts, 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, 2006 and 2005 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, 2006 and 2005, 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 and reserves for encumbrances of Champaign County Library as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. 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 June 1, 2007, 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 cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

June 1, 2007



**CHAMPAIGN COUNTY LIBRARY  
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$125,086			\$125,086
Other Government Grants-In-Aid	731,724			731,724
Patron Fines and Fees	38,604			38,604
Earnings on Investments	3,547	\$7,313	\$9,068	19,928
Contributions, Gifts and Donations	11,247		1,504	12,751
Miscellaneous Receipts	3,186			3,186
	<u>913,394</u>	<u>7,313</u>	<u>10,572</u>	<u>931,279</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Salaries and Benefits	584,467			584,467
Purchased and Contracted Services	164,838		25,577	190,415
Library Materials and Information	142,708			142,708
Supplies	27,048			27,048
Other Objects	4,659			4,659
Capital Outlay	2,042		15,546	17,588
	<u>925,762</u>		<u>41,123</u>	<u>966,885</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(12,368)</u>	<u>7,313</u>	<u>(30,551)</u>	<u>(35,606)</u>
Fund Cash Balances, January 1	<u>178,336</u>	<u>328,442</u>	<u>341,650</u>	<u>848,428</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$165,968</u></b>	<b><u>\$335,755</u></b>	<b><u>\$311,099</u></b>	<b><u>\$812,822</u></b>
Reserves for Encumbrances, December 31	<u>\$14,600</u>	<u>\$0</u>	<u>\$2,992</u>	<u>\$17,592</u>

*The notes to the financial statements are an integral part of this statement.*

**CHAMPAIGN COUNTY LIBRARY  
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$124,189			\$124,189
Other Government Grants-In-Aid	731,724			731,724
Patron Fines and Fees	37,743			37,743
Earnings on Investments	3,128	\$4,609	\$7,609	15,346
Contributions, Gifts and Donations	988		25	1,013
Miscellaneous Receipts	3,522			3,522
	<u>901,294</u>	<u>4,609</u>	<u>7,634</u>	<u>913,537</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Salaries and Benefits	609,715			609,715
Purchased and Contracted Services	168,321		1,280	169,601
Library Materials and Information	141,767			141,767
Supplies	24,049			24,049
Other Objects	3,759			3,759
Capital Outlay	9,832		5,187	15,019
	<u>957,443</u>		<u>6,467</u>	<u>963,910</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(56,149)</u>	<u>4,609</u>	<u>1,167</u>	<u>(50,373)</u>
Fund Cash Balances, January 1	<u>234,485</u>	<u>323,833</u>	<u>340,483</u>	<u>898,801</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$178,336</u></b>	<b><u>\$328,442</u></b>	<b><u>\$341,650</u></b>	<b><u>\$848,428</u></b>
Reserves for Encumbrances, December 31	<u>\$15,609</u>	<u>\$0</u>	<u>\$2,000</u>	<u>\$17,609</u>

*The notes to the financial statements are an integral part of this statement.*

**CHAMPAIGN COUNTY LIBRARY  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**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 Champaign County Library, Champaign County, (the Library) as a body corporate and politic. The Champaign County Commissioners and Common Pleas Judge 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.

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements 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. Cash and Investments**

The Library's accounting basis includes investments as assets. Accordingly, the Library does not record investment purchases as disbursements or investment sales as receipts. The Library records gains or losses at the time of sale as receipts or disbursements, respectively. The Library values certificates of deposits at cost. Money market mutual funds are recorded at share values the mutual fund reports and common stock is recorded at fair value when donated.

**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 accounts for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

**Expendable Trust Fund** – This fund receives interest from investments and donations.

**CHAMPAIGN COUNTY LIBRARY  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 and Repair Fund** – This fund is used for major improvements to the Library.

**E. Budgetary Process**

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

A summary of 2006 and 2005 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 CASH AND INVESTMENTS**

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

	<b>2006</b>	<b>2005</b>
Demand deposits	\$280,539	\$329,796
Certificates of deposit	532,283	516,855
Total deposits	812,822	846,651
Common Stock		1,777
Total deposits and investments	\$812,822	\$848,428

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Library; and collateralized by the financial institution’s public entity deposit pool.

**Investments:** The Library sold the common stock (that was donated) in PepsiAmerica Inc. in July 2006.

**CHAMPAIGN COUNTY LIBRARY  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

<b>2006 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$916,725	\$913,394	(\$3,331)
Special Revenue	2,000	7,313	5,313
Capital Projects	1,000	10,572	9,572
Total	\$919,725	\$931,279	\$11,554

<b>2006 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$1,094,772	\$940,362	\$154,410
Special Revenue	30,000		30,000
Capital Projects	155,000	44,115	110,885
Total	\$1,279,772	\$984,477	\$295,295

<b>2005 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$888,151	\$901,294	\$13,143
Special Revenue	2,000	4,609	2,609
Capital Projects	2,000	7,634	5,634
Total	\$892,151	\$913,537	\$21,386

<b>2005 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$1,122,347	\$973,052	\$149,295
Capital Projects	155,000	8,467	146,533
Total	\$1,277,347	\$981,519	\$295,828

**4. GRANTS-IN-AID AND TAX RECEIPTS**

The primary source of revenue for Ohio public libraries is the State Library and Local Library 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.

**CHAMPAIGN COUNTY LIBRARY  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)**

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. 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.

Public utilities are also taxed on personal and real property located within the taxing district.

Property owners assess tangible personal property tax. These owners must file a list of tangible property to the County by each April 30.

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

**5. RETIREMENT SYSTEM**

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. The Ohio Revised Code prescribes retirement benefits for vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees as the Ohio Revised Code prescribes.

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 8.5 percent of their gross salaries for 2005 and 9 percent for 2006. The Library contributed an amount equal to 13.55 percent of participants' gross salaries for 2005, and 13.7 percent for 2006. The Library has paid all contributions required through December 31, 2006.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Champaign County Library has obtained commercial insurance for the following risks:

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



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Champaign County Library  
Champaign County  
1060 Scioto Street  
Urbana, Ohio 43078

To the Board of Trustees:

We have audited the financial statements of the Champaign County Library, Champaign County, (the Library), as of and for the years then ended December 31, 2006 and 2005, and have issued our report thereon dated June 1, 2007, wherein we noted the Library follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We do not believe that the significant deficiency described above is a material weakness.

We also noted certain internal control matters that we reported to the Library's management in a separate letter dated June 1, 2007.

#### **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 finance committee, management, and the Board of Trustees. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

June 1, 2007



**CHAMPAIGN COUNTY LIBRARY  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

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

**FINDING NUMBER 2006-001**

**Significant Deficiency**

**Governing Board's Review of Bank Reconciliations**

The Library's Verification of Funds Committee confirms year end balances directly with the Library's banks. However, no review of monthly reconciliations, or bank activity was performed. This could result in errors occurring and not being detected in a timely manner. We recommend that the Governing Board review completed bank reconciliations at monthly board meetings. Timely review of bank reconciliations will allow for prompt detection of any errors or discrepancies.

**Client Response:**

As of the June 2007 board meeting, completed bank reconciliations will be available for board review.





**Mary Taylor, CPA**  
Auditor of State

**CHAMPAIGN COUNTY LIBRARY**

**CHAMPAIGN 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 26, 2007**