



Mary Taylor, CPA  
Auditor of State



HERBERT WESCOAT MEMORIAL LIBRARY  
VINTON COUNTY

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# Mary Taylor, CPA

Auditor of State

Herbert Wescoat Memorial Library  
Vinton County  
120 North Market Street  
McArthur, Ohio 45651

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 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 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

April 2, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Herbert Wescoat Memorial Library  
Vinton County  
120 North Market Street  
McArthur, Ohio 45651

To the Board of Trustees:

We have audited the accompanying financial statements of the Herbert Wescoat Memorial Library, Vinton County, Ohio (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 governments 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 year 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 the Herbert Wescoat Memorial Library, Vinton County, Ohio, 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 April 2, 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.



**Mary Taylor, CPA**  
Auditor of State

April 2, 2007



**HERBERT WESCOAT MEMORIAL LIBRARY  
VINTON 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>Capital Projects</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 36,583	\$	\$ 36,583
Intergovernmental Receipts	436,938		436,938
Patron Fines and Fees	8,025		8,025
Earnings on Investments	61,772		61,772
Contributions, Gifts and Donations	45,455		45,455
Miscellaneous Receipts	1,113		1,113
<b>Total Cash Receipts</b>	<u>589,886</u>	<u>0</u>	<u>589,886</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	276,487		276,487
Purchased and Contracted Services	59,019		59,019
Library Materials and Information	48,491		48,491
Supplies	26,569		26,569
Other	1,781		1,781
Capital Outlay	18,849	13,940	32,789
<b>Total Cash Disbursements</b>	<u>431,196</u>	<u>13,940</u>	<u>445,136</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>158,690</u>	<u>(13,940)</u>	<u>144,750</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		50,000	50,000
Transfers-Out	(50,000)		(50,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(50,000)</u>	<u>50,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	108,690	36,060	144,750
Fund Cash Balances, January 1	<u>382,591</u>	<u>1,275,002</u>	<u>1,657,593</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 491,281</b></u>	<u><b>\$ 1,311,062</b></u>	<u><b>\$ 1,802,343</b></u>
Reserves for Encumbrances, December 31	<u>\$</u>	<u>\$ 31,050</u>	<u>\$ 31,050</u>

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

**HERBERT WESCOAT MEMORIAL LIBRARY  
VINTON 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 38,338	\$	\$ 38,338
Intergovernmental Receipts	437,163		437,163
Patron Fines and Fees	7,414		7,414
Earnings on Investments	45,023		45,023
Contributions, Gifts and Donations	46,011		46,011
Miscellaneous Receipts	803		803
	<hr/>		<hr/>
Total Cash Receipts	574,752	0	574,752
	<hr/>		<hr/>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	285,179		285,179
Purchased and Contracted Services	65,700		65,700
Library Materials and Information	52,872		52,872
Supplies	25,897		25,897
Other	1,204		1,204
Capital Outlay	72,730	20,730	93,460
	<hr/>		<hr/>
Total Cash Disbursements	503,582	20,730	524,312
	<hr/>		<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	71,170	(20,730)	50,440
	<hr/>		<hr/>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		40,000	40,000
Transfers-Out	(40,000)		(40,000)
	<hr/>		<hr/>
Total Other Financing Receipts/(Disbursements)	(40,000)	40,000	0
	<hr/>		<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	31,170	19,270	50,440
	<hr/>		<hr/>
Fund Cash Balances, January 1	351,421	1,255,732	1,607,153
	<hr/>		<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$ 382,591</b>	<b>\$ 1,275,002</b>	<b>\$ 1,657,593</b>
	<hr/> <hr/>		<hr/> <hr/>
Reserves for Encumbrances, December 31	\$	\$	\$
	<hr/> <hr/>		<hr/> <hr/>

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

**HERBERT WESCOAT MEMORIAL LIBRARY  
VINTON 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 Herbert Wescoat Memorial Library, Vinton County (the Library), as a body corporate and politic. The Library appoints 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 deposit at cost.

**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. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects. The Library had the following significant Capital Project Fund:

*Building Fund* - The purpose of this fund is to accumulate resources, primarily consisting of transfers from the General Fund, to be used for future building improvements.

**HERBERT WESCOAT MEMORIAL LIBRARY  
VINTON COUNTY**

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

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

**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, function, and object 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:

	2006	2005
Demand deposits	\$ 352,343	\$ 207,593
Certificates of deposit	1,450,000	1,450,000
Total deposits	\$ 1,802,343	\$ 1,657,593

**Deposits:** Deposits are 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, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 521,000	\$ 589,886	\$ 68,886
Capital Projects	0	50,000	50,000
Total	\$ 521,000	\$ 639,886	\$ 118,886

**HERBERT WESCOAT MEMORIAL LIBRARY  
VINTON COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 624,000	\$ 481,196	\$ 142,804
Capital Projects	350,000	44,990	305,010
Total	\$ 974,000	\$ 526,186	\$ 447,814

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 518,000	\$ 574,752	\$ 56,752
Capital Projects	0	40,000	40,000
Total	\$ 518,000	\$ 614,752	\$ 96,752

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 621,000	\$ 543,582	\$ 77,418
Capital Projects	340,000	20,730	319,270
Total	\$ 961,000	\$ 564,312	\$ 396,688

**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.

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 Intergovernmental Receipts. 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.

**HERBERT WESCOAT MEMORIAL LIBRARY  
VINTON COUNTY**

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

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

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 9 percent of their gross salaries for 2006 and 8.5 percent of their gross salaries for 2005. The Library contributed an amount equal to 13.7 percent during 2006 and 13.55 percent during 2005 of participants' gross salaries. The Library has paid all contributions required through December 31, 2006.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Herbert Wescoat Memorial Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- 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*

Herbert Wescoat Memorial Library  
Vinton County  
120 North Market Street  
McArthur, Ohio 45651

To the Board of Trustees:

We have audited the financial statements of the Herbert Wescoat Memorial Library, Vinton County, Ohio (the Library), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated April 2, 2007, wherein we noted the Library follows the 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.

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.

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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

We noted certain matters that we reported to the Library's management in a separate letter dated April 2, 2007.

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### **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 noted certain noncompliance or other matters that we reported to the Library's management in a separate letter dated April 2, 2007.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. We intend it for no one other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

April 2, 2007





**Mary Taylor, CPA**  
Auditor of State

**HERBERT WESCOAT MEMORIAL LIBRARY**

**VINTON 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  
MAY 10, 2007**