



Mary Taylor, CPA  
Auditor of State



**DISTRICT PUBLIC LIBRARY  
MEIGS COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006.....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	11
Schedule of Findings.....	13

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

District Public Library  
Meigs County  
216 West Main Street  
Pomeroy, Ohio 45769

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.

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

**Mary Taylor, CPA**  
Auditor of State

July 15, 2008

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

District Public Library  
Meigs County  
216 West Main Street  
Pomeroy, Ohio 45769

To the Board of Trustees:

We have audited the accompanying financial statements of the District Public Library, Meigs County, Ohio (the Library), as of and for the years ended December 31, 2007 and 2006. 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. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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, 2007 and 2006 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, 2007 and December 31, 2006, 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 District Public Library, Meigs County, Ohio, as of December 31, 2007 and 2006, 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 15, 2008, 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

July 15, 2008



**DISTRICT PUBLIC LIBRARY  
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Library and Local Government Support	\$ 874,017	\$	\$ 874,017
Patron Fines and Fees	15,808		15,808
Contributions, Gifts and Donations	950		950
Earnings on Investments	45,434		45,434
Miscellaneous	4,772		4,772
	<hr/>		<hr/>
Total Cash Receipts	940,981	0	940,981
	<hr/>		<hr/>
<b>Cash Disbursements:</b>			
Current:			
Salaries	439,610		439,610
Employee Fringe Benefits	127,069		127,069
Purchased and Contractual Services	97,667	285	97,952
Library Materials and Information	136,380		136,380
Supplies	18,707		18,707
Other	4,443		4,443
Capital Outlay	9,699	96,585	106,284
	<hr/>		<hr/>
Total Cash Disbursements	833,575	96,870	930,445
	<hr/>		<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	107,406	(96,870)	10,536
	<hr/>		<hr/>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		175,000	175,000
Transfers-Out	(175,000)		(175,000)
	<hr/>		<hr/>
Total Other Financing Receipts/(Disbursements)	(175,000)	175,000	0
	<hr/>		<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(67,594)	78,130	10,536
	<hr/>		<hr/>
Fund Cash Balances, January 1	199,350	789,669	989,019
	<hr/>		<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 131,756</u></b>	<b><u>\$ 867,799</u></b>	<b><u>\$ 999,555</u></b>

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

**DISTRICT PUBLIC LIBRARY  
MEIGS 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>			
Library and Local Government Support	\$ 874,087	\$	\$ 874,087
Patron Fines and Fees	17,272		17,272
Contributions, Gifts and Donations	1,552		1,552
Earnings on Investments	37,948		37,948
Miscellaneous	24,900		24,900
	<u>955,759</u>	<u>0</u>	<u>955,759</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Salaries	421,376		421,376
Employee Fringe Benefits	106,034		106,034
Purchased and Contractual Services	87,153		87,153
Library Materials and Information	132,970		132,970
Supplies	17,232		17,232
Other	4,479		4,479
Capital Outlay	13,422	34,975	48,397
	<u>782,666</u>	<u>34,975</u>	<u>817,641</u>
<b>Total Cash Disbursements</b>			
	<u>173,093</u>	<u>(34,975)</u>	<u>138,118</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>			
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		150,000	150,000
Transfers-Out	(150,000)		(150,000)
	<u>(150,000)</u>	<u>150,000</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>(150,000)</u>	<u>150,000</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	23,093	115,025	138,118
<b>Fund Cash Balances, January 1 (Restated - See Note 2)</b>	<u>176,257</u>	<u>674,644</u>	<u>850,901</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 199,350</b></u>	<u><b>\$ 789,669</b></u>	<u><b>\$ 989,019</b></u>

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

**DISTRICT PUBLIC LIBRARY  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**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 District Public Library, Meigs County, Ohio (the Library), as a body corporate and politic. A seven member Board of Trustees is appointed to govern the Library. The Meigs County Commissioners appoint four members to the Board and the Meigs County Common Pleas Judge appoints three members to the Board. 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. Cash and Investments**

The Library invests all available funds of the Library in an interest-bearing checking account, STAROhio and certificates of deposit.

The Library values certificates of deposit at cost. STAROhio is recorded at share values the State Treasurer reports.

**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. 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 Projects Fund:

**DISTRICT PUBLIC LIBRARY  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Capital Project Funds (Continued)**

*Building Fund* – This fund receives monies from the General Fund for the renovation of the library building.

**E. Budgetary Process**

The Board 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 level.

A summary of 2007 and 2006 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. Restatement of Fund Balance**

The Library's General Fund balance at December 31, 2005 did not include a balance remaining in the payroll clearing account of \$5,873. This resulted in the following fund balance restatement:

	Fund Balance at	Restatement	Fund Balance at
<u>Governmental Funds:</u>	<u>December 31, 2005</u>	<u>Amount</u>	<u>January 1, 2006</u>
General	\$ 170,384	\$ 5,873	\$ 176,257

**3. 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 was as follows:

**DISTRICT PUBLIC LIBRARY  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**3. Equity in Pooled Cash and Investments (Continued)**

	2007	2006
Demand deposits	\$ 61,005	\$ 90,229
Certificates of deposit	281,236	273,753
Total deposits	342,241	363,982
 STAROhio	 657,314	 625,037
Total investments	657,314	625,037
Total deposits and investments	\$ 999,555	\$ 989,019

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library or collateralized by the financial institution's public entity deposit pool.

Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

**4. Budgetary Activity**

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

**2007 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 940,981	\$ 940,981	\$ 0
Capital Projects	0	175,000	175,000
Total	\$ 940,981	\$ 1,115,981	\$ 175,000

**2007 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 929,667	\$ 1,008,575	\$ (78,908)
Capital Projects	789,669	96,870	692,799
Total	\$ 1,719,336	\$ 1,105,445	\$ 613,891

**2006 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 955,759	\$ 955,759	\$ 0
Capital Projects	0	150,000	150,000
Total	\$ 955,759	\$ 1,105,759	\$ 150,000

**DISTRICT PUBLIC LIBRARY  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**4. Budgetary Activity (Continued)**

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 904,667	\$ 932,666	\$ (27,999)
Capital Projects	674,644	34,975	639,669
Total	\$ 1,579,311	\$ 967,641	\$ 611,670

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$78,908 for the year ended December 31, 2007 and \$27,999 for the year ended December 31, 2006.

**5. 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.

**6. Retirement System**

The Library's officials and 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 includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5% and 9.0%, respectively, of their gross salaries and the Library contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2007.

**7. Risk Management**

**Commercial Insurance**

The 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*

District Public Library  
Meigs County  
216 West Main Street  
Pomeroy, Ohio 45769

To the Board of Trustees:

We have audited the financial statements of the District Public Library, Meigs County, Ohio (the Library), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated July 15, 2008, wherein we noted the Library prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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.

We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2007-002.

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 deficiencies in 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 the significant deficiency described above is a material weakness.

We noted certain internal control matters that we reported to the Library's management in a separate letter dated July 15, 2008.

#### **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 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 item 2007-001.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the Library's management in a separate letter dated July 15, 2008.

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.

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



**Mary Taylor, CPA**  
Auditor of State

July 15, 2008



**DISTRICT PUBLIC LIBRARY  
MEIGS COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2007-001**

**Noncompliance Citation**

Ohio Administrative Code Section 117-8-02 requires the Library's legislative body to adopt appropriation measures. These measures establish the legal level of control. The legal level of control is the level at which spending in excess of appropriated amounts would be a violation of law.

Expenditures exceeded appropriations in the General Fund at December 31, 2007 as follows:

<u>Authorized Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
\$929,667	\$1,008,575	(\$78,908)

Expenditures exceeded appropriations in the General Fund at December 31, 2006 as follows:

<u>Authorized Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
\$904,667	\$932,666	(\$27,999)

This could result in expenditures exceeding available resources.

We recommend the Library monitor budget versus actual activity and include budget versus actual reports in the monthly financial report to the Board of Trustees. We also recommend the Clerk-Treasurer advise the Board of Trustees when appropriation amendments are necessary.

**Officials' Response:** The transfer of funds from General to Building caused the actual expenditures to be over the authorized appropriations.

**FINDING NUMBER 2007-002**

**Significant Deficiency**

When designing the public office's system of internal controls and the specific control activities, management should verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, as well as ensure the collection and compilation of the data needed for the timely preparation of financial statements.

The year end cash reconciliation did not include balances or outstanding check amounts for the payroll clearing account. Testing indicated a prior year outstanding balance of \$5,873 in the payroll account after reconciling items were cleared. The payroll bank account is not an interest bearing account. Therefore, this has resulted in a loss of interest revenue. It also resulted in under-reported year end fund balances.

We recommend the Library reconcile the payroll bank account monthly and include the balances and outstanding items on the monthly cash reconciliation. We also recommend the Library return funds not required to clear outstanding items in the payroll bank account to the general bank account where interest can be earned.

**Officials' Response:** The Clerk-Treasurer is in the process of reviewing payroll files back through 2004 to determine what this balance is.





**Mary Taylor, CPA**  
Auditor of State

**MEIGS COUNTY DISTRICT PUBLIC LIBRARY**

**MEIGS 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 19, 2008**