



Mary Taylor, CPA
Auditor of State

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis - December 31, 2008	9
Statement of Activities – Cash Basis – For the Year Ended December 31, 2008.....	10
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2008.....	11
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds – For the Year Ended December 31, 2008.....	12
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual - Budget Basis - General Fund – For the Year Ended December 31, 2008.....	13
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis – December 31, 2007	14
Statement of Activities – Cash Basis – For the Year Ended December 31, 2007.....	15
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2007.....	16
Statement of Cash Receipts, Cash Disbursements, and Changes In Cash Basis Fund Balances - Governmental Funds – For the Year Ended December 31, 2007.....	17
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual - Budget Basis - General Fund – For the Year Ended December 31, 2007.....	18
Notes to the Basic Financial Statements	19
Independent Accountants' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Required By <i>Government Auditing Standards</i>	29

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Auglaize County Public District Library
Auglaize County
203 S. Perry Street
Wapakoneta, Ohio 45895

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Auglaize County Public District Library, Auglaize County, (the Library), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Auglaize County Public District Library, Auglaize County, as of December 31, 2008 and 2007, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2009, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

April 10, 2009

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(UNAUDITED)**

This discussion and analysis of the Auglaize County Public District Library's (the Library) financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2008 and 2007, within the limitations of the Library's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2008 and 2007 are as follows:

- Net assets of governmental activities increased \$151,338, or 5 percent for 2008 and \$160,720 or 5 percent for 2007, insignificant changes from the prior years. The fund most affected, in both years, by the increase in cash and cash equivalents was the General Fund.
- The Library's general receipts are primarily from the Library and Local Library State Funds (LLGSF) and from the Public Library Fund (PLF). These receipts represent approximately 93 percent for 2008 and 88 percent for 2007 of the total cash received for governmental activities during the year. LLGSF and PLF receipts for 2007 were the same as they were in 2006. PLF receipts for 2008 were \$20,046 less than in 2007. Ohio library funding has been frozen or cut since 2002 and was based strictly on personal income tax revenues until 2007. The personal income tax cuts and the weakening Ohio economy hurt personal income tax revenues after 2001 and also weakened library funding. The library funding was changed in July 2007 from the LLGSF to the PLF, and will be funded through all General Revenue tax revenues, rather than personal income tax.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

Report Components

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the Library as a financial whole or as an entire operating entity. The statements provide a detailed look at the Library's specific financial activities and conditions on a modified cash basis of accounting.

The statement of net assets and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(UNAUDITED)
(Continued)**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Library as a Whole

The statement of net assets and the statement of activities reflect how the Library did financially during 2008 and 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well such as the Library's property and the condition of the Library's capital assets.

In the statement of net assets and the statement of activities, the Library reports one type of activity:

Governmental activities - All of the Library's services are reported as governmental activities. The Local Library State Funds (LLGSF) and the Public Library Fund (PLF) finances most of these activities. Benefits provided through governmental activities are not paid for by the people receiving them.

Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(UNAUDITED)
(Continued)**

Governmental Funds - All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column.

The Library's major governmental funds are the General Fund and the Building Fund in 2008 and 2007. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2008 compared to 2007 and 2006 on a cash basis:

**(Table 1)
Net Assets**

	Governmental Activities		
	2008	2007	2006
Assets			
Cash and Cash Equivalents	\$3,250,164	\$3,098,826	\$2,938,106
Total Assets	<u>3,250,164</u>	<u>3,098,826</u>	<u>2,938,106</u>
Net Assets			
Restricted for:			
Permanent Funds	\$17,939	\$17,939	\$17,939
Capital Projects	970,758	948,258	919,900
Other Purposes	24,721	27,430	29,388
Unrestricted	<u>2,236,746</u>	<u>2,105,199</u>	<u>1,970,879</u>
Total Net Assets	<u>\$3,250,164</u>	<u>\$3,098,826</u>	<u>\$2,938,106</u>

As mentioned previously, net assets of governmental activities increased \$151,338 or 5 percent during 2008 and \$160,720 or 5 percent in 2007. The primary reasons contributing to the increases in cash balances are as follows:

- The LLGSF funding remained the same from 2006 to 2007, and there was a small increase in donations and contributions to the Library from 2006 to 2007.
- Salaries increased by \$30,789 in 2007 because there were 27 pay periods during 2007. The wages then remained at the same level in 2008 because 2007 was a 27 pay-period year.
- The Library has tried to contain personnel costs by reducing the full time staff hours from 38 to 35 per week during the summer months in both 2007 and 2008.
- During 2007, the Library moved the property insurance from Westfield Insurance to The Ohio Plan. The Ohio Plan included the errors and omissions coverage, at about the same rate as the property coverage only in 2006.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(UNAUDITED)
(Continued)**

- During 2008, the employee health insurance changed from a traditional plan to a health savings account.
- During 2008, travel costs were reduced by reducing the amount of staff going to seminars.
- No large maintenance or furniture purchases were made in 2007 or 2008.
- During 2008, the book purchases were decreased about \$25,000 from 2007.

Table 2 reflects the changes in net assets on a cash basis in 2008, 2007, and 2006 for governmental activities.

**(Table 2)
Changes in Net Assets**

	Governmental Activities		
	2008	2007	2006
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$20,373	\$18,794	\$19,822
Operating Grants and Contributions	29,904	19,604	
Total Program Receipts	<u>50,277</u>	<u>38,398</u>	<u>19,822</u>
General Receipts:			
Unrestricted Gifts & Contributions			100
Grants and Entitlements Not Restricted to Specific Programs	1,221,976	1,242,022	1,242,021
Interest	32,269	112,335	108,595
Miscellaneous	11,920	6,411	38,738
Total General Receipts	<u>1,266,165</u>	<u>1,360,768</u>	<u>1,389,454</u>
Total Receipts	<u>1,316,442</u>	<u>1,399,166</u>	<u>1,409,276</u>
Disbursements:			
Library Services	1,120,818	1,193,899	1,152,802
Capital Outlay	44,286	44,547	60,575
Total Disbursements	<u>1,165,104</u>	<u>1,238,446</u>	<u>1,213,377</u>
Increase (Decrease) in Net Assets	151,338	160,720	195,899
Net Assets, January 1	<u>3,098,826</u>	<u>2,938,106</u>	<u>2,742,207</u>
Net Assets, December 31	<u>\$3,250,164</u>	<u>\$3,098,826</u>	<u>\$2,938,106</u>

Program receipts represent 3.8 percent and 2.7 percent of total receipts for 2008 and 2007, respectively, and are primarily comprised of fines and fees for past due items, and contributions from donors for Library operations.

General receipts represent 96.2 percent and 97.3 percent of the Library's total receipts for 2008 and 2007 respectively, and of this amount, over 96 percent and 91 percent are from the Library and Local Government State Fund. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for the Library represent the overhead costs of running the Library and the support services provided for the other Library activities. The two largest areas of expenditures include payroll and Library materials and supplies.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(UNAUDITED)
(Continued)**

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services and contributions offsetting those services. The net cost of services identifies the cost of those services supported by local Library funding.

**(Table 3)
Governmental Activities**

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
Library Services	\$1,120,818	(\$1,070,541)	\$1,193,899	(\$1,155,501)	\$1,152,802	(\$1,132,980)
Capital Outlay	44,286	(44,286)	44,547	(44,547)	60,575	(60,575)
Total Expenses	<u>\$1,165,104</u>	<u>(\$1,114,827)</u>	<u>\$1,238,446</u>	<u>(\$1,200,048)</u>	<u>\$1,213,377</u>	<u>(\$1,193,555)</u>

The dependence upon Library and Local Government State Funds is apparent as over 95 and 96 percent of governmental activities are supported through these general receipts in 2008 and 2007 respectively.

The Library's Funds

Total governmental funds had receipts of \$1,316,442 in 2008 and \$1,399,166 in 2007 and disbursements of \$1,165,104 in 2008 and \$1,238,446 in 2007. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$131,547 in 2008 \$134,321 in 2007.

General Fund Budgeting Highlights

The Library's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

For 2007, actual receipts were below final budgeted receipts by \$21,955 mainly because the employee share of health insurance and phone bill discounts were applied as a reduction to the expenditures, and this was the first year that this procedure was implemented.

For 2008, actual receipts were below final budgeted receipts by \$60,429 mainly because of interest earnings. There was \$2,000,000 taken out of the checking and savings accounts and put into a Certificate of Deposit during 2008. The interest on the CD will not be received until 2009.

For 2007, final disbursements were budgeted at \$1,359,450 while actual disbursements were \$1,230,506. The wages were budgeted at \$602,000 and the actual expenditures were \$572,761. The budget included possible retirements and tuition reimbursement. None of those expenses occurred during the year. Employee insurance was budgeted at \$80,000 and \$61,541 was spent. The budget included employees that are eligible, but aren't currently purchasing the health insurance. The eligible employees could decide to purchase the health insurance during the year. The Library kept the remaining expenditures fairly close to budgeted amounts as demonstrated by minor variances.

For 2008, final disbursements were budgeted at \$1,330,484 while actual disbursements were \$1,171,736. Wages were budgeted at \$595,000, but only \$505,004 was spent. There was money budgeted for possible payouts of vacation and sick leave and for tuition reimbursements. Changing the employee health insurance to a health savings account reduced the amount spent on health insurance and cutting back on the amount of staff members attending seminars also reduced expenditures. The book budget for 2008 was \$168,779 and only \$134,722 was spent. The economic picture appeared to be getting worse during the second half of the year so material purchases were scaled back.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(UNAUDITED)
(Continued)**

Current Issues

The challenge for all Libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on state funding. The challenge for all libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on state funding and that has been very unpredictable. The economy continues to weaken for the United States and the Ohio Governor is predicting a large deficit for the State of Ohio. Home foreclosures, unemployment, and consumer confidence are problems for our state and nation.

The Library is planning for a 10 percent cut to the state funding in 2009, but realize that it could be worse. Interest income and donations will also decrease. No wage increase was given to staff for 2009 and all planned projects have been put on hold. Book expenditures, programming, and supplies budgets have been reduced for 2009.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Dana Webb, Fiscal Officer, Auglaize County Public District Library, 203 S. Perry St., Wapakoneta, Ohio 45895.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2008**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,250,164</u>
Net Assets	
Restricted for:	
Capital Projects	970,758
Permanent Fund - Nonexpendable	17,939
Other Purposes	24,721
Unrestricted	<u>2,236,746</u>
Total Net Assets	<u><u>\$3,250,164</u></u>

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Program Cash Receipts			Net (Disbursements) Receipts and Change in Net Assets
	Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Library Services	\$1,120,818	\$20,373	\$29,904	(\$1,070,541)
Capital Outlay	44,286			(44,286)
Total Governmental Activities	\$1,165,104	\$20,373	\$29,904	(1,114,827)
		General Receipts		
		Grants and Entitlements Not		
		Restricted to Specific Programs		
				1,221,976
				Interest
				32,269
				Miscellaneous
				11,920
				Total General Receipts
				1,266,165
				Change in Net Assets
				151,338
				Net Assets at Beginning of Year
				3,098,826
				Net Assets at End of Year
				\$3,250,164

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	<u>General</u>	<u>Building</u>	<u>Other Governmental</u>	<u>Total</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,236,746	\$727,501	\$285,917	\$3,250,164
Total Assets	<u>2,236,746</u>	<u>727,501</u>	<u>285,917</u>	<u>3,250,164</u>
Fund Balances				
Reserved for Encumbrances	9,341			9,341
Unreserved, Reported in				
General Fund	2,227,405			2,227,405
Special Revenue Funds			24,721	24,721
Capital Projects Funds		727,501	243,257	970,758
Permanent Funds			17,939	17,939
Total Fund Balances	<u>\$2,236,746</u>	<u>\$727,501</u>	<u>\$285,917</u>	<u>\$3,250,164</u>

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
CASH BASIS FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	<u>Building Fund</u>	<u>Other Governmental</u>	<u>Total</u>
Receipts				
Library and Local Government Support	\$1,221,976			\$1,221,976
Patron Fines and Fees	20,373			20,373
Contributions, Gifts and Donations	29,904			29,904
Earnings on Investments	32,269			32,269
Miscellaneous	11,920			11,920
Total Receipts	<u>1,316,442</u>			<u>1,316,442</u>
Disbursements				
Current:				
Library Services	1,118,109		\$2,709	1,120,818
Capital Outlay	44,286			44,286
Total Disbursements	<u>1,162,395</u>		<u>2,709</u>	<u>1,165,104</u>
Excess of Receipts Over (Under) Disbursements	154,047		(2,709)	151,338
Other Financing Sources (Uses)				
Transfers In		\$10,000	12,500	22,500
Transfers Out	(22,500)			(22,500)
Total Other Financing Sources (Uses)	<u>(22,500)</u>	<u>10,000</u>	<u>12,500</u>	
Changes in Fund Balances	131,547	10,000	9,791	151,338
Fund Balances at Beginning of Year	<u>2,105,199</u>	<u>717,501</u>	<u>276,126</u>	<u>3,098,826</u>
Fund Balances at End of Year	<u><u>\$2,236,746</u></u>	<u><u>\$727,501</u></u>	<u><u>\$285,917</u></u>	<u><u>\$3,250,164</u></u>

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Cash Receipts				
Library and Local Government Support	\$1,225,271	\$1,225,271	\$1,221,976	(\$3,295)
Patron, Fines and Fees	20,000	20,000	20,373	373
Contributions, Gifts and Donations	28,100	28,100	29,904	1,804
Earnings on Investments	95,000	95,000	32,269	(62,731)
Miscellaneous	8,500	8,500	11,920	3,420
Total Receipts	<u>1,376,871</u>	<u>1,376,871</u>	<u>1,316,442</u>	<u>(60,429)</u>
Cash Disbursements				
Current:				
Library Services	1,271,966	1,278,250	1,127,450	150,800
Capital Outlay	47,478	52,234	44,286	7,948
Total Disbursements	<u>1,319,444</u>	<u>1,330,484</u>	<u>1,171,736</u>	<u>158,748</u>
Receipts Over (Under) Disbursements	57,427	46,387	144,706	98,319
Other Financing (Uses)				
Transfers Out	(22,500)	(22,500)	(22,500)	
Other Financing Uses	(45,000)	(33,960)		33,960
Total Other Financing (Uses)	<u>(67,500)</u>	<u>(56,460)</u>	<u>(22,500)</u>	<u>33,960</u>
Net Change in Fund Balance	(10,073)	(10,073)	122,206	132,279
Fund Balance Beginning of Year	2,094,538	2,094,538	2,094,538	
Prior Year Encumbrances Appropriated	<u>10,661</u>	<u>10,661</u>	<u>10,661</u>	
Fund Balance End of Year	<u>\$2,095,126</u>	<u>\$2,095,126</u>	<u>\$2,227,405</u>	<u>\$132,279</u>

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,098,826</u>
Net Assets	
Restricted for:	
Capital Projects	948,258
Permanent Fund - Nonexpendable	17,939
Other Purposes	27,430
Unrestricted	<u>2,105,199</u>
Total Net Assets	<u><u>\$3,098,826</u></u>

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

		Program Cash Receipts		Net (Disbursements) Receipts and Change in Net Assets
	Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Library Services	\$1,193,899	\$18,794	\$19,604	(\$1,155,501)
Capital Outlay	44,547			(44,547)
Total Governmental Activities	\$1,238,446	\$18,794	\$19,604	(1,200,048)
		General Receipts		
		Grants and Entitlements Not Restricted to Specific Programs		1,242,022
		Interest		112,335
		Miscellaneous		6,411
		Total General Receipts		1,360,768
		Change in Net Assets		160,720
		Net Assets at Beginning of Year		2,938,106
		Net Assets at End of Year		\$3,098,826

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	<u>General</u>	<u>Building</u>	<u>Other Governmental</u>	<u>Total</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,105,199	\$717,501	\$276,126	\$3,098,826
Total Assets	<u>2,105,199</u>	<u>717,501</u>	<u>276,126</u>	<u>3,098,826</u>
Fund Balances				
Reserved for Encumbrances	10,661			10,661
Unreserved, Reported in:				
General Fund	2,094,538			2,094,538
Special Revenue Funds			27,430	27,430
Capital Projects Funds		717,501	230,757	948,258
Permanent Funds			17,939	17,939
Total Fund Balances	<u>\$2,105,199</u>	<u>\$717,501</u>	<u>\$276,126</u>	<u>\$3,098,826</u>

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
CASH BASIS FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General</u>	<u>Building Fund</u>	<u>Other Governmental</u>	<u>Total</u>
Receipts				
Library and Local Government Support	\$1,242,022			\$1,242,022
Patron Fines and Fees	18,794			18,794
Contributions, Gifts and Donations	19,604			19,604
Earnings on Investments	112,335			112,335
Miscellaneous	6,411			6,411
Total Receipts	<u>1,399,166</u>			<u>1,399,166</u>
Disbursements				
Current:				
Library Services	1,175,298	\$16,642	\$1,959	1,193,899
Capital Outlay	44,547			44,547
Total Disbursements	<u>1,219,845</u>	<u>16,642</u>	<u>1,959</u>	<u>1,238,446</u>
Excess of Receipts Over (Under) Disbursements	179,321	(16,642)	(1,959)	160,720
Other Financing Sources (Uses)				
Transfers In		20,000	25,000	45,000
Transfers Out	(45,000)			(45,000)
Total Other Financing Sources (Uses)	<u>(45,000)</u>	<u>20,000</u>	<u>25,000</u>	
Changes in Fund Balances	134,321	3,358	23,041	160,720
Fund Balances at Beginning of Year	<u>1,970,878</u>	<u>714,143</u>	<u>253,085</u>	<u>2,938,106</u>
Fund Balances at End of Year	<u><u>\$2,105,199</u></u>	<u><u>\$717,501</u></u>	<u><u>\$276,126</u></u>	<u><u>\$3,098,826</u></u>

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Cash Receipts				
Library and Local Government Support	\$1,342,989	\$1,242,021	\$1,242,021	
Patron, Fines and Fees	21,000	21,000	18,794	(\$2,206)
Contributions, Gifts and Donations	16,100	16,100	19,604	3,504
Earnings on Investments	112,000	112,000	112,335	335
Miscellaneous	30,000	30,000	6,412	(23,588)
Total Receipts	<u>1,522,089</u>	<u>1,421,121</u>	<u>1,399,166</u>	<u>(21,955)</u>
Cash Disbursements				
Current:				
Library Services	1,277,550	1,292,450	1,184,481	107,969
Capital Outlay	67,000	67,000	46,025	20,975
Total Disbursements	<u>1,344,550</u>	<u>1,359,450</u>	<u>1,230,506</u>	<u>128,944</u>
Receipts Over (Under) Disbursements	177,539	61,671	168,660	106,989
Other Financing (Uses)				
Transfers Out	(45,000)	(45,000)	(45,000)	
Other Financing Uses	(41,000)	(26,100)		26,100
Total Other Financing (Uses)	<u>(86,000)</u>	<u>(71,100)</u>	<u>(45,000)</u>	<u>26,100</u>
Net Change in Fund Balance	91,539	(9,429)	123,660	133,089
Fund Balance Beginning of Year	1,970,878	1,970,878	1,970,878	
Prior Year Encumbrances Appropriated				
Fund Balance End of Year	<u>\$2,062,417</u>	<u>\$1,961,449</u>	<u>\$2,094,538</u>	<u>\$133,089</u>

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**NOTES TO BASIC THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

1. DESCRIPTION OF THE LIBRARY AND REPORTING ENTITY

The Auglaize County Public District Library (the Library) was organized as a county district public library in 1964 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Auglaize County Commissioners. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The Library is fiscally independent of Auglaize County, although the County Commissioners serve in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Auglaize County Commissioners must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the County.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

The Friends of the F.J. Stallo Library, Inc. and the Friends of the New Bremen Library are not-for-profit organizations with a self-appointing board. The Library is not financially accountable for the organizations, nor does the Library approve the budgets or the issuance of debt of the organizations. Also, the organizations net assets do not exceed 5 percent of the Library's net assets. Therefore, these organizations have been excluded from the reporting entity of the Library.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, the financial statements of the Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The most significant of the Library's accounting policies are described below.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**NOTES TO BASIC THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

1. Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through intergovernmental receipts and other non-exchange transactions.

The statement of net assets presents the cash balances, of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Library's general receipts.

2. Fund Financial Statements

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. 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 Library's funds are all classified as governmental.

1. Governmental Funds

Governmental funds are financed primarily from intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**NOTES TO BASIC THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Building Fund - The building fund accounts for monies set aside by the Board of Library Trustees specifically for major capital improvements.

The other governmental funds of the Library account for other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

E. Cash and Cash Equivalents

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**NOTES TO BASIC THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2008 and 2007, investments were limited to nonnegotiable certificates of deposit. These investments are recorded at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund during 2008 and 2007, respectively, amounted to \$32,269 and \$112,335 which includes \$10,062 and \$36,020 assigned from other Library funds.

F. Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's cash basis of accounting.

I. Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for book purchases. The Library has no net assets restricted by enabling legislation.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

K. Fund Balance Reserves

Fund balance reserves have been established for encumbrances. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**NOTES TO BASIC THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budget basis) amounted to \$9,341 for 2008, and \$10,661 for 2007.

4. DEPOSITS AND INVESTMENTS

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**NOTES TO BASIC THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited.

An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Cash on Hand - At both December 31, 2008 and 2007, the Library had \$50, in cash on hand which is included on the financial statements of the Library as part of "equity in pooled cash and cash equivalents."

Deposits - Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2008 and 2007, the carrying amounts of the Library's deposits were \$3,250,114 and \$3,098,776, respectively and the bank balances were \$3,254,510, and \$3,113,380, respectively, of which \$2,758,089 and \$3,013,380, respectively, was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**NOTES TO BASIC THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

5. RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2008 and 2007, the Library contracted with The Ohio Plan for various types of insurance coverage as follows (we have scheduled the 2008 coverage amounts below):

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
The Ohio Plan – Stolly Insurance Group	Commercial Property	\$ 3,298,880
	General Liability	
	Each Occurrence Limit	2,000,000
	General Aggregate	4,000,000
	Electronic Equipment	168,145
	Errors and Omissions	
	-Each Incident	1,000,000
	-Annual Aggregate	3,000,000
	Public Officials Liability	
	-Each Wrongful Act	2,000,000
-Annual Aggregate	4,000,000	

Settled claims have not exceeded coverage in any of the last three years and there was no reduction in coverage from the prior year.

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. The System administers and pays all claims.

The Library provides health insurance for staff, who works 25 or more hours per week. During 2007, health insurance was through Medical Mutual of Ohio and library paid 85 percent of the employee share of premium for a single policy. During 2008, the health insurance was through Anthem Blue Cross Blue Shield and the library paid 85 percent of the employee share of premium for a single policy until May 31, 2008. Effective June 1, 2008, the premium paid by a 30 hour employee is 32 percent of a single policy premium, and a 25 hour employee will be 45 percent of a single policy premium. The Library also provides a \$15,000 life insurance policy for all employees who work 25 hours or more per week and pays 100 percent of that policy.

6. PENSION PLAN

Plan Description - The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**NOTES TO BASIC THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

6. PENSION PLAN (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2008 and 2007, members in state and local classifications contributed 10 and 9.5 percent, respectively, of covered payroll.

The Library's contribution rate for December 31, 2008 and 2007 was 14 and 13.85 percent, respectively, of covered payroll. For the period January 1, 2008 through December 31, 2008, a portion of the Board's contribution equal to 7 percent of covered payroll was allocated to fund the post-employment healthcare plan; for the period January 1 through June 30, 2007, 5 percent and for the period July 1, 2007 through December 31, 1007, 6 percent was used to fund the post-employment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Board of 14 percent.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$33,262, \$42,024, and \$48,493 respectively; 92 percent has been contributed for 2008 and 100 percent has been contributed for 2007 and 2006. Contributions to the member-directed plan for 2008 and 2007, were \$5,919 and \$3,628, respectively made by the Library.

7. POST-EMPLOYMENT BENEFITS

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY
AUGLAIZE COUNTY**

**NOTES TO BASIC THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

7. POST-EMPLOYMENT BENEFITS (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008 and 2007, local government employers contributed 14 percent and 13.85 percent, respectively, of covered payroll. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 7 percent of covered payroll from January 1 through December 31, 2008, and 5 percent from January 1, 2007 through June 30, 2007 and 6 percent from July 1 through December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Library's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2008, 2007 and 2006 were \$39,181, \$30,070 and \$24,143, respectively; 92 percent has been contributed for 2008, and 100 percent has been contributed for 2007.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

8. INTERFUND TRANSFERS

During 2007, the general fund transferred \$20,000 to the building fund for the purchase and maintenance of the Wapakoneta facility, \$5,000 to the Waynesfield building fund for the purchase and maintenance of the Waynesfield facility, and \$20,000 to the computer fund for technology purchases throughout the Library system.

During 2008, the general fund transferred \$10,000 to the building fund for the purchase and maintenance of the Wapakoneta facility, \$2,500 to the Waynesfield building fund for the purchase and maintenance of the Waynesfield facility, and \$10,000 to the computer fund for technology purchases throughout the Library system.

This page intentionally left blank.



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*

Auglaize County Public District Library
Auglaize County
203 S. Perry Street
Wapakoneta, Ohio 45895

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Auglaize County Public District Library, Auglaize County, (the Library), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Library's basic financial statements and have issued our report thereon dated April 10, 2009, wherein, we noted the Library uses a comprehensive accounting basis other than generally accepted accounting principles. 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.

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.

**Internal Control Over Financial Reporting
(Continued)**

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 a matter that we reported to the Library's management in a separate letter dated April 10, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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



Mary Taylor, CPA
Auditor of State

April 10, 2009



Mary Taylor, CPA
Auditor of State

AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY

AUGLAIZE 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 21, 2009**