



Mary Taylor, CPA
Auditor of State

**CALDWELL PUBLIC LIBRARY
NOBLE COUNTY**

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Mary Taylor, CPA
Auditor of State

Caldwell Public Library
Noble County
517 Spruce Street
P.O. Box 230
Caldwell, Ohio 43724

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.

Mary Taylor

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May 1, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Caldwell Public Library
Noble County
517 Spruce Street
P.O. Box 230
Caldwell, Ohio 43724

To the Board of Trustees:

We have audited the accompanying financial statements of the Caldwell Public Library, Noble County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007. 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, 2008 and 2007 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, 2008 and 2007, or its changes in financial position or cash flows, where applicable 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 Caldwell Public Library, Noble County, Ohio, as of December 31, 2008 and 2007, 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 May 1, 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.



Mary Taylor, CPA
Auditor of State

May 1, 2009

**CALDWELL PUBLIC LIBRARY
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Library and Local Government Support	\$452,460		\$452,460
Patron Fines and Fees	13,657		13,657
Contributions, Gifts and Donations	320		320
Earnings on Investments	7,222		7,222
Miscellaneous Receipts	835		835
Total Cash Receipts	<u>474,494</u>	<u>\$0</u>	<u>474,494</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	244,864		244,864
Employee Fringe Benefits	66,585		66,585
Purchased and Contracted Services	82,751		82,751
Library Materials and Informantion	83,127		83,127
Supplies	7,609		7,609
Other	1,629		1,629
Capital Outlay	11,139		11,139
Total Cash Disbursements	<u>497,704</u>	<u>0</u>	<u>497,704</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(23,210)	0	(23,210)
Other Financing Receipts/(Disbursements)			
Other Financing Uses	(100)		(100)
Total Other Financing Receipts/(Disbursements)	(100)	0	(100)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(23,310)	0	(23,310)
Fund Cash Balances, January 1	<u>163,794</u>	<u>80,417</u>	<u>244,211</u>
Fund Cash Balances, December 31	<u>\$140,484</u>	<u>\$80,417</u>	<u>\$220,901</u>

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

**CALDWELL PUBLIC LIBRARY
NOBLE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Proprietary Fund Type Enterprise Fund
Operating Cash Receipts:	
Patron Fees and Fines	\$175
Charges for Services - Bookmobile Program	124,032
Miscellaneous	140
	124,347
Operating Cash Disbursements:	
Current:	
Salaries	43,607
Employee Fringe Benefits	6,937
Purchased and Contracted Services	21,276
Library Materials and Information	26,494
Supplies	17,712
Other	563
Capital Outlay	17,346
	133,935
Total Operating Cash Disbursements	133,935
Operating Income/(Loss)	(9,588)
Fund Cash Balances, January 1	110,743
Fund Cash Balances, December 31	\$101,155

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

**CALDWELL PUBLIC LIBRARY
NOBLE 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>	
Cash Receipts:			
Library and Local Government Support	\$459,882		\$459,882
Patron Fines and Fees	13,454		13,454
Contributions, Gifts and Donations	135		135
Earnings on Investments	16,606		16,606
Miscellaneous Receipts	465		465
Total Cash Receipts	<u>490,542</u>	<u>\$0</u>	<u>490,542</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	243,278		243,278
Employee Fringe Benefits	64,653		64,653
Purchased and Contracted Services	90,712		90,712
Library Materials and Informantion	86,527		86,527
Supplies	7,009		7,009
Other	1,990		1,990
Capital Outlay	3,537	4,166	7,703
Total Cash Disbursements	<u>497,706</u>	<u>4,166</u>	<u>501,872</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(7,164)	(4,166)	(11,330)
Other Financing Receipts/(Disbursements)			
Other Financing Uses	(36)		(36)
Total Other Financing Receipts/(Disbursements)	(36)	0	(36)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(7,200)	(4,166)	(11,366)
Fund Cash Balances, January 1	<u>170,994</u>	<u>84,583</u>	<u>255,577</u>
Fund Cash Balances, December 31	<u>\$163,794</u>	<u>\$80,417</u>	<u>\$244,211</u>

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

**CALDWELL PUBLIC LIBRARY
NOBLE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Proprietary Fund Type Enterprise Fund
Operating Cash Receipts:	
Patron Fees and Fines	\$75
Charges for Services - Bookmobile Program	124,032
Total Operating Cash Receipts	124,107
Operating Cash Disbursements:	
Current:	
Salaries	43,751
Employee Fringe Benefits	11,369
Purchased and Contracted Services	17,651
Library Materials and Information	20,519
Supplies	13,336
Other	436
Capital Outlay	13,695
Total Operating Cash Disbursements	120,757
Operating Income/(Loss)	3,350
Fund Cash Balances, January 1	107,393
Fund Cash Balances, December 31	\$110,743

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

**CALDWELL PUBLIC LIBRARY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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 Caldwell Public Library, Noble County (the Library) as a body corporate and politic. The Board members of the Caldwell Exempted Village School District appoint a 7-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

B. 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.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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 Fund

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following significant Capital Project Fund:

Building, Maintenance and Repair Fund – This fund is used for the maintenance and repair of the Library building and the Library-Annex building (the bookmobile garage).

3. Enterprise Fund

This fund accounts for operations that are similar to private business enterprises where management intends to recover the significant costs of providing certain goods or services through user charges. The Library had the following Enterprise Fund:

**CALDWELL PUBLIC LIBRARY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

3. Enterprise Fund (Continued)

Bookmobile Program Fund – This fund receives revenue from Monroe, Noble, and Washington County libraries for bookmobile services provided.

E. Budgetary Process

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

F. Property, Plant, and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits and Investments

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

	<u>2008</u>	<u>2007</u>
Demand deposits	\$321,056	\$353,954
U.S. Savings Bond	1,000	1,000
Total deposits and investments	<u>\$322,056</u>	<u>\$354,954</u>

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

Investments: The Library earns 1.50% semi-annual interest on one \$1,000 U.S. Savings Bond Series HH.

**CALDWELL PUBLIC LIBRARY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. Budgetary Activity

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

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$483,782	\$474,494	(\$9,288)
Capital Projects	0	0	0
Enterprise	124,130	124,347	217
Total	\$607,912	\$598,841	(\$9,071)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$646,973	\$497,804	\$149,169
Capital Projects	80,417	0	80,417
Enterprise	234,422	133,935	100,487
Total	\$961,812	\$631,739	\$330,073

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$488,882	\$490,542	\$1,660
Capital Projects	0	0	0
Enterprise	125,300	124,107	(1,193)
Total	\$614,182	\$614,649	\$467

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$655,738	\$497,742	\$157,996
Capital Projects	84,583	4,166	80,417
Enterprise	232,309	120,757	111,552
Total	\$972,630	\$622,665	\$349,965

**CALDWELL PUBLIC LIBRARY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. Grants-In-Aid and Tax Receipts

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. It is currently frozen at 2004 fiscal year level until June 2008 at which time the funding became the Public Library Fund (PLF). The PLF funding is 2.2% of total tax revenue of State of Ohio. 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.

5. Retirement System

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Library contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2008.

6. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

Some employees of the Library have health insurance through the Caldwell Exempted Village School District's OME-RESA Health Benefit Plan.



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*

Caldwell Public Library
Noble County
517 Spruce Street
P.O. Box 230
Caldwell, Ohio 43724

To the Board of Trustees:

We have audited the financial statements of the Caldwell Public Library, Noble County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 1, 2009, 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 Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 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.

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.

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

May 1, 2009



Mary Taylor, CPA
Auditor of State

CALDWELL PUBLIC LIBRARY

NOBLE 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 26, 2009