



Mary Taylor, CPA
Auditor of State

**GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY**

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Mary Taylor, CPA
Auditor of State

Guernsey County District Public Library
Guernsey County
63500 Byesville Road
Cambridge, Ohio 43725

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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Auditor of State

November 8, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Guernsey County District Public Library
Guernsey County
63500 Byesville Road
Cambridge, Ohio 43725

To the Board of Trustees:

We have audited the accompanying financial statements of Guernsey County District Public Library, Guernsey County, Ohio (the Library), as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

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, 2009 and 2008 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, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Guernsey County District Public Library, Guernsey County, as of December 31, 2009 and 2008, 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 November 8, 2010, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

November 8, 2010

**GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Library and Local Government Support	\$1,201,471		\$1,201,471
Patron Fines and Fees	40,359		40,359
Contributions, Gifts and Donations	6,071		6,071
Earnings on Investments	32,602	\$47	32,649
Miscellaneous	941		941
			<hr/>
Total Cash Receipts	1,281,444	47	1,281,491
Cash Disbursements:			
Current:			
Salaries	745,042		745,042
Employee Fringe Benefits	351,983		351,983
Purchased and Contractual Services	184,643		184,643
Library Materials and Information	199,293	2,519	201,812
Supplies	30,983		30,983
Other	10,283		10,283
Capital Outlay	29,217	20,208	49,425
			<hr/>
Total Cash Disbursements	1,551,444	22,727	1,574,171
Total Cash Receipts Over/(Under) Cash Disbursements	(270,000)	(22,680)	(292,680)
Other Financing Receipts / (Disbursements):			
Sale of Fixed Assets	3,791		3,791
Transfers-In	111,663		111,663
Transfers-Out		(111,663)	(111,663)
			<hr/>
Total Other Financing Receipts / (Disbursements)	115,454	(111,663)	3,791
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(154,546)	(134,343)	(288,889)
Fund Cash Balances, January 1	711,430	1,057,512	1,768,942
			<hr/>
Fund Cash Balances, December 31	\$556,884	\$923,169	\$1,480,053
			<hr/>
Reserve for Encumbrances, December 31	\$33,541	\$0	\$33,541
			<hr/>

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

**GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY 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	\$1,461,677		\$1,461,677
Patron Fines and Fees	35,805		35,805
Contributions, Gifts and Donations	1,266		1,266
Earnings on Investments	70,690		70,690
Miscellaneous	2,058		2,058
	<u>1,571,496</u>		<u>1,571,496</u>
Total Cash Receipts	1,571,496	\$0	1,571,496
Cash Disbursements:			
Current:			
Salaries	816,553		816,553
Employee Fringe Benefits	332,581		332,581
Purchased and Contractual Services	224,337		224,337
Library Materials and Information	330,297		330,297
Supplies	44,385		44,385
Other	8,286		8,286
Capital Outlay	10,521		10,521
	<u>1,766,960</u>	<u>0</u>	<u>1,766,960</u>
Total Cash Disbursements	1,766,960	0	1,766,960
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(195,464)</u>	<u>0</u>	<u>(195,464)</u>
Other Financing Receipts / (Disbursements):			
Sale of Fixed Assets	2,700		2,700
	<u>2,700</u>	<u>0</u>	<u>2,700</u>
Total Other Financing Receipts / (Disbursements)	2,700	0	2,700
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(192,764)	0	(192,764)
Fund Cash Balances, January 1, (Restated See Note 3)	904,194	1,057,512	1,961,706
Fund Cash Balances, December 31	<u>\$711,430</u>	<u>\$1,057,512</u>	<u>\$1,768,942</u>
Reserve for Encumbrances, December 31	<u>\$56,992</u>	<u>\$0</u>	<u>\$56,992</u>

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

**GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio established the rights and privileges of the Guernsey County District Public Library, Guernsey County (the Library), as a body corporate and politic. The Library is directed by a seven-member Board of Trustees appointed by the Guernsey County Common Pleas Judge and Guernsey County Commissioners. 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. Deposits and Investments

The Library values certificates of deposit at cost.

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

1. General Fund

The General Fund 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:

Building and Repair Fund – This fund receives transfers from the General Fund to be used for building projects, repairs and maintenance.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control.

**GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

A summary of 2009 and 2008 budgetary activity appears in Note 4.

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

The Library maintains a deposit 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:

	2009	2008
Demand deposits	\$1,480,053	\$1,768,942

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

3. Prior Period Restatement

For the year ended December 31, 2007, an adjustment resulted in fund balance restatement.

Governmental Funds	Fund Balance at December 31, 2007	Restatement Amount	Fund Balance at January 1, 2008
Capital Projects	\$1,037,351	\$20,161	\$1,057,512

The change in fund balance for the Capital Project Fund is the result of a escrow bank account left off prior year audited cash fund balance.

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,454,783	\$1,396,898	(\$57,885)
Capital Projects	0	47	47
Total	\$1,454,783	\$1,396,945	(\$57,838)

**GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

4. Budgetary Activity (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,165,692	\$1,584,985	\$580,707
Capital Projects	1,033,000	134,390	898,610
Total	\$3,198,692	\$1,719,375	\$1,479,317

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,644,936	\$1,574,196	(\$70,740)
Total	\$1,644,936	\$1,574,196	(\$70,740)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,518,710	\$1,823,952	\$694,758
Capital Projects	1,050,000	0	1,050,000
Total	\$3,568,710	\$1,823,952	\$1,744,758

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 Systems

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 includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2009.

**GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. Risk Management

The Library belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retain 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had over 650 members as of December 31, 2008. The Library participates in this coverage.

In August, 2007, OGRMP formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 40 members as of December 31, 2008. The Library does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2008 and 2007 (the latest information available):

	2008	2007
Assets	\$10,471,114	\$11,136,455
Liabilities	(5,286,781)	(4,273,553)
Members' Equity	\$5,184,333	\$6,862,902

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.



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*

Guernsey County District Public Library
Guernsey County
63500 Byesville Road
Cambridge, Ohio 43725

To the Board of Trustees:

We have audited the financial statements of the Guernsey County District Public Library, Guernsey County, Ohio (the Library), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated November 8, 2010, wherein we noted the District 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 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 did note certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated November 8, 2010.

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

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

Mary Taylor, CPA
Auditor of State

November 8, 2010



Mary Taylor, CPA
Auditor of State

GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY

GUERNSEY 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
DECEMBER 7, 2010**