



Mary Taylor, CPA  
Auditor of State



**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY  
AUGLAIZE COUNTY**

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# 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, 2006 and 2005, 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 1, 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, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

For the year ended December 31, 2006 and 2005, the Library revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2007 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

June 18, 2007

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(UNAUDITED)  
(Continued)**

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, 2006 and 2005, within the limitations of the Library's cash basis 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 2006 and 2005 are as follows:

- Net assets of governmental activities increased \$195,899, or 7 percent for 2006 and \$260,932 or 10.5 percent for 2005, a significant change from the prior year. The fund most affected 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). These receipts represent respectively 89 percent for 2006 and 92 percent for 2005 of the total cash received for governmental activities during the year. LLGSF receipts changed very little compared to the prior years because state income tax receipts have not increased.

**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**

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.

**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.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(UNAUDITED)  
(Continued)**

**Reporting the Library as a Whole**

The statement of net assets and the statement of activities reflect how the Library did financially during 2006 and 2005, 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. Local Library Support finances most of these activities. Benefits provided through governmental activities are not necessarily 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.

**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, the Building Fund and the Vehicle Fund in 2006 and the General Fund and the Building Fund in 2005. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.



**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(UNAUDITED)  
(Continued)**

**The Library as a Whole**

Table 1 provides a summary of the Library's net assets for 2006 compared to 2005 and 2004 on a cash basis:

**(Table 1)  
Net Assets**

	<b>Governmental Activities</b>		
	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$2,938,105	\$2,742,206	\$2,481,274
Total Assets	<u>\$2,938,105</u>	<u>\$2,742,206</u>	<u>\$2,481,274</u>
<b>Net Assets</b>			
<b>Restricted for:</b>			
Permanent Funds	\$17,939	\$17,939	\$17,939
Capital Outlay	919,900	956,882	936,882
Other Purposes	29,388	32,743	34,626
Unrestricted	1,970,878	1,734,642	1,491,827
Total Net Assets	<u>\$2,938,105</u>	<u>\$2,742,206</u>	<u>\$2,481,274</u>

As mentioned previously, net assets of governmental activities increased \$195,899 or 7 percent during 2006 and \$260,932 or 10.5 percent in 2005.

Table 2 reflects the changes in net assets on a cash basis in 2006 and 2005 for governmental activities.

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

	<b>Governmental Activities</b>	
	<b>2006</b>	<b>2005</b>
<b>Receipts:</b>		
<b>Program Receipts:</b>		
Charges for Services and Sales	\$19,822	\$20,505
Total Program Receipts	<u>19,822</u>	<u>20,505</u>
<b>General Receipts:</b>		
Unrestricted Gifts & Contributions	100	260
Grants and Entitlements Not Restricted to Specific Programs	1,242,021	1,242,196
Interest	108,595	68,299
Miscellaneous	38,738	37,866
Total General Receipts	<u>1,389,454</u>	<u>1,348,621</u>
Total Receipts	<u>1,409,276</u>	<u>1,369,126</u>

(Continued)

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(UNAUDITED)  
(Continued)**

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

	<b>Governmental Activities</b>	
	<b>2006</b>	<b>2005</b>
<b>Disbursements:</b>		
Library Services	1,152,802	1,065,968
Capital Outlay	60,575	42,226
Total Disbursements	<u>1,213,377</u>	<u>1,108,194</u>
 Increase (Decrease) in Net Assets	 195,899	 260,932
 Net Assets, January 1	 <u>2,742,206</u>	 <u>2,481,274</u>
Net Assets, December 31	<u>\$2,938,105</u>	<u>\$2,742,206</u>

Program receipts represent only 1 percent and 2 percent of total receipts for 2006 and 2005, respectively, and are primarily comprised of fines and fees for past due items.

General receipts represent 99 of the Library's total receipts for 2006 and 2005, and of this amount, 89 percent and 92 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.

**Governmental Activities**

If you look at the Statement of Activities on page 10 and 15, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Library Services, which account for 95 percent in 2006 and 96 percent in 2005 of all governmental disbursements, respectively. The next column of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service provided by the Library that must be used to provide a specific service. The Net (Disbursement) Receipt column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)  
Governmental Activities**

	<b>Total Cost of Services 2006</b>	<b>Net Cost of Services 2006</b>	<b>Total Cost of Services 2005</b>	<b>Net Cost of Services 2005</b>
Library Services	\$1,152,802	(\$1,132,980)	\$1,065,968	(\$1,045,463)
Capital Outlay	60,575	(60,575)	42,226	(42,226)
Total Expenses	<u>\$1,213,377</u>	<u>(\$1,193,555)</u>	<u>\$1,108,194</u>	<u>(\$1,087,689)</u>

The dependence upon general receipts is apparent as over 98 percent of governmental activities are supported through these general receipts.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(UNAUDITED)  
(Continued)**

**The Library's Funds**

Total governmental funds had receipts of \$1,409,276 in 2006 and \$1,369,126 in 2005 and disbursements of \$1,213,377 in 2006 and \$1,108,194 in 2005. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$236,236 in 2006 \$242,815 in 2005.

**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.

The difference between final budgeted receipts and actual receipts was not significant during 2006 and 2005.

Final disbursements were budgeted at \$1,324,250 while actual disbursements were \$1,173,040 for 2006 and \$1,475,850 and \$1,126,311, respectively for 2005. The result is the increase in fund balance of \$236,236 in 2006 and \$242,815 for 2005.

**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. We reviewed our sources of revenue and determined that there will be small increases in state funding and the interest income. There will be 27 pay periods for 2007, which will create an increase in payroll expenditures. Other planned expenditures for 2007 will be updated light fixtures at the Wapakoneta facility, duct cleaning at the Wapakoneta facility, and the self-checkout machine at the Wapakoneta facility.

**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, Clerk-Treasurer, Auglaize County Public District Library, 203 S. Perry St., Wapakoneta, Ohio 45895.

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**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY  
AUGLAIZE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2006**

	<u><b>Governmental Activities</b></u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,938,105
Total Assets	<u>2,938,105</u>
 <b>Net Assets</b>	
<b>Restricted for:</b>	
Capital Projects	919,900
Permanent Fund Purpose	
Nonexpendable	17,939
Other Purposes	29,388
Unrestricted	<u>1,970,878</u>
Total Net Assets	<u>\$2,938,105</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, 2006**

	<b>Program Cash Receipts</b>	<b>Net (Disbursements) Receipts and Changes in Net Assets</b>
<b>Cash Disbursements</b>	<b>Charges for Services and Sales</b>	<b>Governmental Activities</b>
<b>Governmental Activities</b>		
Library Services	\$19,822	(\$1,132,980)
Capital Outlay	60,575	(60,575)
Total Governmental Activities	<u>\$19,822</u>	<u>(1,193,555)</u>
 <b>General Receipts</b>		
Unrestricted Gifts and Contributions		100
Grants and Entitlements not Restricted to Specific Programs		1,242,021
Interest		108,595
Miscellaneous		38,738
Total General Receipts		<u>1,389,454</u>
Change in Net Assets		195,899
Net Assets Beginning of Year		<u>2,742,206</u>
Net Assets End of Year		<u>\$2,938,105</u>

*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, 2006**

	<u>General</u>	<u>Building Fund</u>	<u>Vehicle Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$1,970,878	\$714,143	\$153,338	\$99,746	\$2,938,105
Total Assets	<u>\$1,970,878</u>	<u>\$714,143</u>	<u>\$153,338</u>	<u>\$99,746</u>	<u>\$2,938,105</u>
<b>Fund Balances</b>					
<b>Unreserved, Reported in:</b>					
General Fund	1,970,878				1,970,878
Special Revenue Funds				29,388	29,388
Capital Projects Funds		714,143	153,338	52,419	919,900
Permanent Funds				17,939	17,939
Total Fund Balances	<u>\$1,970,878</u>	<u>\$714,143</u>	<u>\$153,338</u>	<u>\$99,746</u>	<u>\$2,938,105</u>

*See accompanying notes to the basic financial statements.*

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY  
AUGLAIZE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Building Fund</u>	<u>Vehicle Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts</b>					
Library and Local Government Support	\$1,242,021				\$1,242,021
Patron Fines and Fees	19,822				19,822
Contributions, Gifts and Donations	13,930				13,930
Earnings on Investments	108,595				108,595
Miscellaneous	24,908				24,908
Total Receipts	<u>1,409,276</u>				<u>1,409,276</u>
<b>Disbursements</b>					
<b>Current:</b>					
Library Services	1,092,465	\$43,129		\$17,208	1,152,802
Capital Outlay	60,575				60,575
Total Disbursements	<u>1,153,040</u>	<u>43,129</u>		<u>17,208</u>	<u>1,213,377</u>
Excess of Receipts Over (Under) Disbursements	<u>256,236</u>	<u>(43,129)</u>		<u>(17,208)</u>	<u>195,899</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In				20,000	20,000
Transfers Out	(20,000)				(20,000)
Total Other Financing Sources (Uses)	<u>(20,000)</u>			<u>20,000</u>	
Net Change in Fund Balances	236,236	(43,129)		2,792	195,899
Fund Balances Beginning of Year	<u>1,734,642</u>	<u>757,272</u>	<u>\$153,338</u>	<u>96,954</u>	<u>2,742,206</u>
Fund Balances End of Year	<u>\$1,970,878</u>	<u>\$714,143</u>	<u>\$153,338</u>	<u>\$99,746</u>	<u>\$2,938,105</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 - GENERAL FUND - BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Library and Local Government Support	\$1,242,196	\$1,242,196	\$1,242,021	(\$175)
Patron, Fines and Fees	21,000	21,000	19,822	(1,178)
Contributions, Gifts and Donations	18,250	18,250	13,930	(4,320)
Earnings on Investments	75,000	75,000	108,595	33,595
Miscellaneous	25,000	25,000	24,908	(92)
Total Receipts	<u>1,381,446</u>	<u>1,381,446</u>	<u>1,409,276</u>	<u>27,830</u>
<b>Disbursements</b>				
<b>Current:</b>				
Library Services	1,209,250	1,210,050	1,092,465	117,585
Capital Outlay	50,000	70,500	60,575	9,925
Total Disbursements	<u>1,259,250</u>	<u>1,280,550</u>	<u>1,153,040</u>	<u>127,510</u>
Receipts Over (Under) Disbursements	122,196	100,896	256,236	155,340
<b>Other Financing (Uses)</b>				
Transfers Out	(20,000)	(20,000)	(20,000)	
Other Financing Uses	(45,000)	(23,700)		23,700
Total Other Financing (Uses)	<u>(65,000)</u>	<u>(43,700)</u>	<u>(20,000)</u>	<u>23,700</u>
Net Change in Fund Balance	57,196	57,196	236,236	179,040
Fund Balance Beginning of Year	<u>1,734,642</u>	<u>1,734,642</u>	<u>1,734,642</u>	
Fund Balance End of Year	<u><u>\$1,791,838</u></u>	<u><u>\$1,791,838</u></u>	<u><u>\$1,970,878</u></u>	<u><u>\$179,040</u></u>

*See accompanying notes to the basic financial statements.*

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY  
AUGLAIZE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2005**

	<b>Governmental Activities</b>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,742,206
Total Assets	2,742,206
<b>Net Assets</b>	
<b>Restricted for:</b>	
Capital Projects	956,882
Permanent Fund Purpose	
Nonexpendable	17,939
Other Purposes	32,743
Unrestricted	1,734,642
Total Net Assets	\$2,742,206

*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, 2005**

	<b>Program Cash Receipts</b>	<b>Net (Disbursements) Receipts and Changes in Net Assets</b>
	<b>Cash</b>	<b>Charges</b>
	<b>Disbursements</b>	<b>for Services and Sales</b>
		<b>Governmental Activities</b>
<b>Governmental Activities</b>		
Library Services	\$1,065,968	(\$1,045,463)
Capital Outlay	42,226	(42,226)
Total Governmental Activities	\$1,108,194	(1,087,689)
<b>General Receipts</b>		
Unrestricted Gifts and Contributions		260
Grants and Entitlements not Restricted to Specific Programs		1,242,196
Interest		68,299
Miscellaneous		37,866
Total General Receipts		1,348,621
Change in Net Assets		260,932
Net Assets Beginning of Year		2,481,274
Net Assets End of Year		\$2,742,206

*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, 2005**

	<u>General</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,734,642	\$757,272	\$250,292	\$2,742,206
Total Assets	<u>\$1,734,642</u>	<u>\$757,272</u>	<u>\$250,292</u>	<u>\$2,742,206</u>
<b>Fund Balances</b>				
<b>Unreserved, Reported in:</b>				
General Fund	1,734,642			1,734,642
Special Revenue Funds			32,743	32,743
Capital Projects Funds		757,272	199,610	956,882
Permanent Funds			17,939	17,939
Total Fund Balances	<u>\$1,734,642</u>	<u>\$757,272</u>	<u>\$250,292</u>	<u>\$2,742,206</u>

*See accompanying notes to the basic financial statements.*

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY  
AUGLAIZE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts</b>				
Library and Local Government Support	\$1,242,196			\$1,242,196
Patron Fines and Fees	20,505			20,505
Contributions, Gifts and Donations	14,763			14,763
Earnings on Investments	68,299			68,299
Miscellaneous	23,363			23,363
Total Receipts	<u>1,369,126</u>			<u>1,369,126</u>
<b>Disbursements</b>				
<b>Current:</b>				
Library Services	1,064,085		\$1,883	1,065,968
Capital Outlay	42,226			42,226
Total Disbursements	<u>1,106,311</u>		<u>1,883</u>	<u>1,108,194</u>
Excess of Receipts Over (Under) Disbursements	<u>262,815</u>		<u>(1,883)</u>	<u>260,932</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In			20,000	20,000
Transfers Out	(20,000)			(20,000)
Total Other Financing Sources (Uses)	<u>(20,000)</u>		<u>20,000</u>	
Net Change in Fund Balances	242,815		18,117	260,932
Fund Balances Beginning of Year	<u>1,491,827</u>	<u>\$757,272</u>	<u>232,175</u>	<u>2,481,274</u>
Fund Balances End of Year	<u>\$1,734,642</u>	<u>\$757,272</u>	<u>\$250,292</u>	<u>\$2,742,206</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 - GENERAL FUND - BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Library and Local Government Support	\$1,241,200	\$1,241,200	\$1,242,196	\$996
Patron, Fines and Fees	21,000	21,000	20,505	(495)
Contributions, Gifts and Donations	21,200	21,200	14,763	(6,437)
Earnings on Investments	30,000	30,000	68,299	38,299
Miscellaneous	19,000	19,000	23,363	4,363
Total Receipts	<u>1,332,400</u>	<u>1,332,400</u>	<u>1,369,126</u>	<u>36,726</u>
<b>Disbursements</b>				
<b>Current:</b>				
Library Services	1,235,850	1,235,850	1,064,085	171,765
Capital Outlay	125,000	125,000	42,226	82,774
Total Disbursements	<u>1,360,850</u>	<u>1,360,850</u>	<u>1,106,311</u>	<u>254,539</u>
Receipts Over (Under) Disbursements	(28,450)	(28,450)	262,815	291,265
<b>Other Financing (Uses)</b>				
Transfers Out	(70,000)	(70,000)	(20,000)	50,000
Other Financing Uses	(45,000)	(45,000)		45,000
Total Other Financing (Uses)	<u>(115,000)</u>	<u>(115,000)</u>	<u>(20,000)</u>	<u>95,000</u>
Net Change in Fund Balance	(143,450)	(143,450)	242,815	386,265
Fund Balance Beginning of Year	1,490,146	1,490,146	1,490,146	
Prior Year Encumbrances Appropriated	<u>1,681</u>	<u>1,681</u>	<u>1,681</u>	
Fund Balance End of Year	<u>\$1,348,377</u>	<u>\$1,348,377</u>	<u>\$1,734,642</u>	<u>\$386,265</u>

*See accompanying notes to the basic financial statements.*

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY  
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**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 Clerk-Treasurer.

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 organization, nor does the Library approve the budget or the issuance of debt of the organization. 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 THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(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 nonexchange 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 THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

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

**Building Fund** – This accumulates resources to be used for expenditures related to the buildings.

**Vehicle Fund (2006 only)** – This fund was established with transfers from the General Fund to be used for expenditures related to the bookmobile.

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.

**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 Clerk Treasurer. 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 THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(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 2006 and 2005, 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 2006 and 2005, respectively, amounted to \$108,595 and \$68,299 which includes \$36,724 and \$25,192 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 modified 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 7 and 8, 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'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**

The Library reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. 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 THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(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 (and after nonoperating receipts/disbursements in proprietary funds). Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**3. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY**

During 2004, the Library reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. During 2005 the Library has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

For 2005, the Library has implemented Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosure." GASB Statement No. 40 establishes and modifies the disclosure requirements related to investment risks. The implementation of this statement did not result in any change to the Library's financial statements.

**4. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary 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 (budgetary basis) rather than as a reservation of fund balance (cash basis). There are no encumbrances outstanding at year-end.

**5. 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.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY  
AUGLAIZE COUNTY**

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

**5. DEPOSITS AND INVESTMENTS (Continued)**

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;
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.

**A. 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, 2006 and 2005, respectively, \$2,838,105 and \$2,642,206 of the Library's bank balance of \$2,938,105 and \$2,742,206 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.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY  
AUGLAIZE COUNTY**

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

**5. DEPOSITS AND INVESTMENTS (Continued)**

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.

**B. Investments**

Interest rate risk arises because the fair value of investment changes as interest rates change. The Library's investment policy addresses interest rate risk by requiring that the Library's investment portfolio be structured so that it remains sufficiently liquid to enable the Clerk-Treasurer to meet reasonable anticipated operating requirements.

The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

The Library's only investments during 2006 and 2005 were in certificates of deposits which are are considered deposits.

**6. 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 2006 and 2005, the Library contracted with several companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Westfield Insurance	Commercial Property	\$2,502,500
	General Liability	2,000,000
	Each Occurrence Limit	1,000,000
	Contents	651,500
	Vehicle – Bodily	1,000,000
	Injury/Property Damage	
Republic – Franklin Insurance Company	Errors and Omissions	1,000,000
Auto-Owners Insurance Company	Clerk-Treasurer	20,000
	Deputy Clerk-Treasurer	15,000

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY  
AUGLAIZE COUNTY**

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

**6. RISK MANAGEMENT (Continued)**

Settled claims have not exceeded coverage in any of the last three years and there was no significant 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 work 25 or more hours per week through Medical Mutual of Ohio and pays 85% of the employee share. The Library provides a \$15,000 life insurance policy for all employees who work 25 hours or more per week and pays 100% of that policy.

**7. PENSION PLAN**

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.

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.

For the year ended December 31, 2006 and 2005, the members of all three plans were required to contribute 9 and 8.55 percent, respectively of their annual covered salaries. The Library's contribution rate for pension benefits for 2006 and 2005 was 13.7 and 13.55 percent, respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$73,502, \$70,602, and \$70,724 respectively; 90 percent has been contributed for 2006 and 100% has been contributed for 2005 and 2004. Contributions to the member-directed plan for 2006 and 2005, were \$866 and \$469, respectively made by the Library and \$569 and \$311, respectively, made by the plan members.

**AUGLAIZE COUNTY PUBLIC DISTRICT LIBRARY  
AUGLAIZE COUNTY**

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

**8. POSTEMPLOYMENT BENEFITS**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 and 2005 local government employer contribution rate was 13.7 and 13.55 percent of covered payroll, respectively; 4.5 and 4 percent of covered payroll was the portion that was used to fund health care, respectively.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase .50 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2006 and 2005 which were used to fund postemployment benefits were \$24,389 and \$20,980, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006 and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**9. INTERFUND TRANSFERS**

The general fund transferred \$20,000 to the Capital Projects Computer Fund in 2006 and 2005 for the purchase of technology improvements throughout the Library.

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# 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, 2006 and 2005, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 18, 2007, 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.

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.

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

**Mary Taylor, CPA**  
Auditor of State

June 18, 2007



**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  
JULY 31, 2007**