



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 a February 2, 2005 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 opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Mary Taylor, CPA
Auditor of State

April 10, 2007

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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 Caldwell Public Library, Noble County, Ohio (the Library), as of and for the years ended December 31, 2006 and 2005. 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.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Library has elected not to reformat its statements. Since this Library does not use GAAP to measure financial statement amounts, 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, 2006 and 2005 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, 2006 and 2005, or its changes in financial position or cash flows of its proprietary funds 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 Caldwell Public Library, Noble County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the year ended December 31, 2006 and 2005. 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 April 10, 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.



Mary Taylor, CPA
Auditor of State

April 10, 2007

**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, 2006**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Other Government Grants-In-Aid	\$459,882	\$0	\$459,882
Patron Fines and Fees	12,575		12,575
Earnings on Investments	14,074		14,074
Contributions, Gifts and Donations	2,692		2,692
Miscellaneous Receipts	3,342		3,342
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	492,565	0	492,565
Cash Disbursements:			
Current:			
Salaries and Benefits	284,747		284,747
Purchased and Contracted Services	83,543		83,543
Library Materials and Informantion	72,025		72,025
Supplies	6,070		6,070
Other	2,391		2,391
Capital Outlay	1,266	45,672	46,938
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	450,042	45,672	495,714
Total Cash Receipts Over/(Under) Cash Disbursements	42,523	(45,672)	(3,149)
Fund Cash Balances, January 1	128,472	130,255	258,727
Fund Cash Balances, December 31	<u>\$170,995</u>	<u>\$84,583</u>	<u>\$255,578</u>
Reserves for Encumbrances, December 31	<u>\$4,176</u>	<u>\$0</u>	<u>\$4,176</u>

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
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Patron Fees and Fines	\$37
Services Provided to Other Entities	125,260
	125,297
Operating Cash Disbursements:	
Current:	
Salaries and Benefits	59,083
Purchased and Contracted Services	14,534
Library Materials and Information	24,650
Supplies	12,738
Other	550
Capital Outlay	4,357
	115,912
Operating Income/(Loss)	9,385
Fund Cash Balances, January 1	98,007
Fund Cash Balances, December 31	\$107,392
Reserves for Encumbrances, December 31	\$383

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, 2005**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Other Government Grants-In-Aid	\$459,882	\$0	\$0	\$459,882
Intergovernmental		7,193		7,193
Patron Fines and Fees	12,819			12,819
Earnings on Investments	7,379			7,379
Contributions, Gifts and Donations	8,975			8,975
Miscellaneous Receipts	1,185			1,185
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	490,240	7,193	0	497,433
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
Salaries and Benefits	267,763			267,763
Purchased and Contracted Services	83,160	7,133		90,293
Library Materials and Information	79,872			79,872
Supplies	5,409	60		5,469
Other	6,596			6,596
Capital Outlay	8,807		109,942	118,749
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	451,607	7,193	109,942	568,742
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	38,633	0	(109,942)	(71,309)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	89,839	0	240,197	330,036
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$128,472</u>	<u>\$0</u>	<u>\$130,255</u>	<u>\$258,727</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	<u>\$3,609</u>	<u>\$0</u>	<u>\$3,600</u>	<u>\$7,209</u>

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
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Patron Fees and Fines	\$34
Services Provided to Other Entities	125,260
Miscellaneous	20
	20
Total Operating Cash Receipts	125,314
Operating Cash Disbursements:	
Current:	
Salaries and Benefits	57,476
Purchased and Contracted Services	15,202
Library Materials and Information	18,315
Supplies	12,849
Other Objects	436
Capital Outlay	1,692
	1,692
Total Operating Cash Disbursements	105,970
Operating Income/(Loss)	19,344
Fund Cash Balances, January 1	78,663
Fund Cash Balances, December 31	\$98,007
Reserves for Encumbrances, December 31	\$4,046

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, 2006 AND 2005**

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 seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

The Library is associated with the SOLO Regional Library which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 7. SOLO Regional Library System was dissolved in June 2006.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements 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. Fund Accounting

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

1. General Fund

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

Innovative Technology Grant – In 2005, the Library received federal funds from the State Library Board, which was used for the Digital Shoebox Project.

**CALDWELL PUBLIC LIBRARY
NOBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. 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 Project Fund:

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

4. Enterprise Funds

These funds account 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 significant Enterprise Fund:

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

D. 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 level of control.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

E. 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.

F. 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 CASH

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

**CALDWELL PUBLIC LIBRARY
NOBLE COUNTY**

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

2. EQUITY IN POOLED CASH (Continued)

	2006	2005
Demand deposits	\$362,970	\$356,734

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

3. BUDGETARY ACTIVITY

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

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$473,915	\$492,565	\$18,650
Capital Projects	0	0	0
Enterprise	120,050	125,297	5,247
Total	\$593,965	\$617,862	\$23,897

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$602,387	\$454,218	\$148,169
Capital Projects	130,255	45,672	84,583
Enterprise	218,057	116,295	101,762
Total	\$950,699	\$616,185	\$334,514

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$500,020	\$490,240	(\$9,780)
Special Revenue	7,193	7,193	0
Capital Projects	0	0	0
Enterprise	120,100	125,314	5,214
Total	\$627,313	\$622,747	(\$4,566)

**CALDWELL PUBLIC LIBRARY
NOBLE COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$589,859	\$455,216	\$134,643
Special Revenue	7,193	7,193	0
Capital Projects	240,197	113,542	126,655
Fiduciary	198,763	110,016	88,747
Total	\$1,036,012	\$685,967	\$350,045

4. GRANTS-IN-AID

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.

5. RETIREMENT SYSTEM

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. The Ohio Revised Code prescribes retirement benefits for vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees as the Ohio Revised Code prescribes.

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 8.5 percent of their 2005 gross salaries. The Library contributed an amount equal to 13.55 percent of participants' 2005 gross salaries. The Library's OPERS members contributed 9.0 percent of their 2006 gross salaries. The Library contributed an amount equal to 13.70 percent of participants' 2006 gross salaries. The Library has paid all contributions required through December 31, 2006.

6. RISK MANAGEMENT

Commercial Insurance

The Caldwell Public Library has obtained commercial insurance for the following risks:

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

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

**CALDWELL PUBLIC LIBRARY
NOBLE COUNTY**

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

7. JOINTLY GOVERNED ORGANIZATION

The SOLO (Southeastern Ohio Library Organization) Regional Library System is a regional library system created and jointly governed according to the provisions of the Ohio Revised Code Section 3375.90 through 3375.93. The Regional Library System is composed of thirteen legally-separate libraries within Southeast Ohio. Barnesville Hutton Memorial Public Library, Bellaire Public Library, Caldwell Public Library, Guernsey County District Library, Kate Love Simpson Library, Martins Ferry Public Library, Monroe County District Library, Newark Public Library, Perry County District Library, Public Library of Steubenville and Jefferson County, Puskarich Public Library, St. Clairsville Public Library, and Washington County Public Library. The Regional Library System is governed by a thirteen member Board of Trustees selected by the Librarians Council which consists of library administrators or a representative from each member library. The Regional Library System provides annual training workshops for member library employees, technical training and assistance, a central graphics center, and coordinates the delivery of intra-library book loans. The Caldwell Public Library's control over budgeting and financing of SOLO is limited to its voting authority and its representation on SOLO's Board of Trustees. SOLO was dissolved in June 2006.

8. RELATED PARTY TRANSACTIONS

The Library pays an annual fee to SOLO Regional Library, a jointly owned organization, of which the Library is a member. The Library paid \$3,500 to SOLO Regional Library during the period of January 1, 2005 through December 31, 2006.

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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*

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, 2006 and 2005, and have issued our report thereon dated April 10, 2007, wherein we noted the Library prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

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

April 10, 2007



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 17, 2007