



Mary Taylor, CPA  
Auditor of State



WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY

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# Mary Taylor, CPA

Auditor of State

Washington-Centerville Public Library  
Montgomery County  
111 West Spring Valley Road  
Centerville, Ohio 45458

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

May 23, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Washington-Centerville Public Library  
Montgomery County  
111 West Spring Valley Road  
Centerville, Ohio 45458

To the Board of Trustees:

We have audited the accompanying financial statements of Washington-Centerville Public Library, Montgomery County, (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. 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 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 Washington-Centerville Public Library, Montgomery 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 years 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 May 23, 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.

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

**Mary Taylor, CPA**  
Auditor of State

May 23, 2007



WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$3,415,454				\$3,415,454
Other Government Grants-In-Aid	2,995,146				2,995,146
Patron Fines and Fees	221,894				221,894
Earnings on Investments	317,092				317,092
Contributions, Gifts and Donations	1,795			\$6,000	7,795
Miscellaneous Receipts	18,475				18,475
Total Cash Receipts	<u>6,969,856</u>			<u>6,000</u>	<u>6,975,856</u>
<b>Cash Disbursements:</b>					
<b>Current:</b>					
Salaries and Benefits	4,230,746				4,230,746
Purchased and Contracted Services	671,813		\$1,200	1,901	674,914
Other Objects	1,116,690			4,059	1,120,749
<b>Debt Service:</b>					
Redemption of Principal					
Interest Payments and Other Financing Fees and Costs					
Capital Outlay	157,684		28,508		186,192
Total Cash Disbursements	<u>6,176,933</u>		<u>29,708</u>	<u>5,960</u>	<u>6,212,601</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>792,923</u>		<u>(29,708)</u>	<u>40</u>	<u>763,255</u>
Fund Cash Balances, January 1	<u>4,605,674</u>	<u>\$2,250,186</u>	<u>3,606,541</u>	<u>150</u>	<u>10,462,551</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$5,398,597</u></b>	<b><u>\$2,250,186</u></b>	<b><u>\$3,576,833</u></b>	<b><u>\$190</u></b>	<b><u>\$11,225,806</u></b>
Reserves for Encumbrances, December 31	<u>\$652,013</u>	<u>\$0</u>	<u>\$120,392</u>	<u>\$40</u>	<u>\$772,445</u>

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

WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$3,362,078				\$3,362,078
Other Government Grants-In-Aid	3,043,741				3,043,741
Patron Fines and Fees	212,268				212,268
Earnings on Investments	233,808				233,808
Contributions, Gifts and Donations	607				607
Miscellaneous Receipts	10,601				10,601
Total Cash Receipts	<u>6,863,103</u>				<u>6,863,103</u>
<b>Cash Disbursements:</b>					
<b>Current:</b>					
Salaries and Benefits	4,010,081				4,010,081
Purchased and Contracted Services	603,895			\$850	604,745
Other Objects	1,084,843				1,084,843
<b>Debt Service:</b>					
Redemption of Principal					
Interest Payments and Other Financing Fees and Costs					
Capital Outlay	83,768		\$727,844		811,612
Total Cash Disbursements	<u>5,782,587</u>		<u>727,844</u>	850	<u>6,511,281</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>1,080,516</u>		<u>(727,844)</u>	(850)	<u>351,822</u>
Fund Cash Balances, January 1	<u>3,525,158</u>	<u>\$2,250,186</u>	<u>4,334,385</u>	<u>1,000</u>	<u>10,110,729</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$4,605,674</u></b>	<b><u>\$2,250,186</u></b>	<b><u>\$3,606,541</u></b>	<b><u>\$150</u></b>	<b><u>\$10,462,551</u></b>
Reserves for Encumbrances, December 31	<u>\$652,013</u>	<u>\$0</u>	<u>\$22,504</u>	<u>\$245</u>	<u>\$674,762</u>

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

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY 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 Washington-Centerville Public Library, Montgomery County, (the Library) as a body corporate and politic. The Library appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

**B. 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. Cash and Investments**

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

The Library values certificates of deposit, U.S. Treasury Notes at cost. The investment in STAR OHIO (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**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 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 one fund of this type, the Special Operating Fund, which had no activity during this period.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

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

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

**3. Capital Project Funds**

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

**Building Fund** – This fund is used for building repairs and improvements.

**Permanent Improvement Fund** – This fund is used for purchases of equipment.

**4. Fiduciary Funds (Trust Funds)**

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the Library classifies the activity as a nonexpendable trust fund. The Library classifies other trust funds as expendable. The Library had the following significant fiduciary funds:

**Washington-Centerville Public Library Endowment Fund (Expendable Trust)** – This fund receives investment income and donations.

**Dorothy R. Yeck Good Life Endowment Fund (Expendable Trust)** – This fund received an annual donation for a writing competition for young adults.

**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.

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

**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 vacation leave. The financial statements do not include a liability for unpaid leave.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2006</u>	<u>2005</u>
Demand deposits	\$941,812	\$54,390
Certificates of deposit	3,520,379	1,950,000
Total deposits	<u>4,462,191</u>	<u>2,004,390</u>
U.S. Treasury Notes	6,474,381	7,651,082
STAR Ohio	289,234	275,751
Repurchase agreement	0	531,328
Total investments	<u>6,763,615</u>	<u>8,458,161</u>
Total deposits and investments	<u><u>\$11,225,806</u></u>	<u><u>\$10,462,551</u></u>

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

**Investments:** The financial institution maintains records identifying the Library as owner of these securities. Investments in STAR Ohio and mutual funds are not evidenced by securities existing in physical or book-entry form.

The Library's financial institution transfers the securities to the Library's agent to collateralize repurchase agreements. The securities are not in the Library's name.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending 2006 and 2005 follows:

<b>2006 Budgeted vs. Actual Receipts</b>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$6,640,066	\$6,969,856	\$329,790
Capital Projects			
Fiduciary	6,000	6,000	
Total	<u><u>\$6,646,066</u></u>	<u><u>\$6,975,856</u></u>	<u><u>\$329,790</u></u>

<b>2006 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$7,242,934	\$6,828,946	\$413,988
Capital Projects	483,504	150,000	333,504
Fiduciary	6,395	6,000	395
Total	<u><u>\$7,732,833</u></u>	<u><u>\$6,984,946</u></u>	<u><u>\$747,887</u></u>

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

<b>2005 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$6,863,102	\$6,863,103	\$1
Capital Projects			
Fiduciary			
Total	\$6,863,102	\$6,863,103	\$1

<b>2005 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$6,938,999	\$6,434,600	\$504,399
Capital Projects	1,166,000	750,348	415,652
Fiduciary	1,000	1,095	(95)
Total	\$8,105,999	\$7,186,043	\$919,956

**4. GRANTS-IN-AID AND TAX RECEIPTS**

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. 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.

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Property owners assess tangible personal property tax. These owners must file a list of tangible property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

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

**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 9% in 2006 and 8.5 percent in 2005 of their gross salaries. The Library contributed an amount equal to 13.7% in 2006 and 13.55 percent in 2005 of participants' gross salaries. The Library has paid all contributions required through December 31, 2006.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Washington-Centerville Public Library has obtained commercial insurance for the following risks:

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

The Library also provides health insurance and dental and vision coverage to fully benefited employees through a private carrier.

**7. SUBSEQUENT EVENTS**

The Board approved the Library entering into a contract on March 13, 2007 to purchase an Integrated Library System (ILS) for \$252,198.

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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

Washington-Centerville Public Library  
Montgomery County  
111 West Spring Valley Road  
Centerville, Ohio 45458

To the Board of Trustees:

We have audited the financial statements of Washington-Centerville Public Library (the Library) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated May 23, 2007 wherein we noted the Library followed accounting practices the Auditor of State prescribes 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 expressing our opinions 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.

We noted certain matters that we reported to the Library's management in a separate letter dated May 23, 2007.

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### 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 noncompliance or other matters that we reported to the Library's management in a separate letter dated May 23, 2007.

We intend this report solely for the information and use of the audit committee, management, and 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

May 23, 2007



**Mary Taylor, CPA**  
Auditor of State

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY**

**MONTGOMERY 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  
JUNE 26, 2007**