



**WAGNALLS MEMORIAL LIBRARY  
FAIRFIELD COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2006-2005**



**Mary Taylor, CPA**  
Auditor of State



**WAGNALLS MEMORIAL LIBRARY  
FAIRFIELD COUNTY**

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**Mary Taylor, CPA**  
Auditor of State

Wagnalls Memorial Library  
Fairfield County  
150 E. Columbus St.  
Lithopolis, Ohio 43136

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Library to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

January 16, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Wagnalls Memorial Library  
Fairfield County  
150 E. Columbus St.  
P. O. Box 217  
Lithopolis, OH 43136

To the Board of Trustees:

We have audited the accompanying financial statements of the Wagnalls Memorial Library, Fairfield County, Ohio, (the "Library"), a not-for-profit corporation, 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.

Instead of the cash balance the accompanying financial statements present, GAAP require non-governmental not-for-profit entities to present temporarily restricted, permanently restricted and unrestricted funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 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 cash balance of the Wagnalls Memorial Library, Fairfield County, Ohio, as of December 31, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2009, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

January 16, 2009



**WAGNALLS MEMORIAL LIBRARY  
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2006**

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**Cash Receipts**

Government Grants-in-Aid	
Intergovernmental	\$ 355,001
Patron Fines and Fees	14,741
Services Provided to Other Entities	3,212
Contributions, Gifts and Donations	4,840
Earnings on Investments	75
Miscellaneous	2,634
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<i>Total Cash Receipts</i>	<i>\$ 380,503</i>

**Cash Disbursements**

Current:

Library Services:

Salaries and Benefits	249,761
Supplies	14,594
Purchased and Contracted Services	67,154
Library Materials	67,335
Office Supplies and Miscellaneous	71
Program Expenses	98
Other	1,817
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*Total Cash Disbursements* 

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400,830

*Total Cash Receipts Under Disbursements* 

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(20,327)

*Cash Balance Beginning of Year* 

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39,410

*Cash Balance End of Year* 

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\$ 19,083

See accompanying notes to the basic financial statements

**WAGNALLS MEMORIAL LIBRARY  
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2005**

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**Cash Receipts**

Government Grants-in-Aid	
Intergovernmental	\$ 320,611
Patron Fines and Fees	14,802
Services Provided to Other Entities	1,801
Contributions, Gifts and Donations	15,402
Earnings on Investments	166
Miscellaneous	1,804
	<hr/>

*Total Cash Receipts* \$ 354,586

**Cash Disbursements**

Current:

Library Services:

Salaries and Benefits	\$ 226,666
Supplies	13,480
Purchased and Contracted Services	58,708
Library Materials	72,670
Office Supplies and Miscellaneous	81
Other	1,179
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*Total Cash Disbursements* 372,784

*Total Cash Receipts Under Disbursements* (18,198)

*Cash Balance Beginning of Year* 57,608

*Cash Balance End of Year* \$ 39,410

See accompanying notes to the basic financial statements

**WAGNALLS MEMORIAL LIBRARY  
FAIRFIELD COUNTY**

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

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

Wagnalls Memorial Library, Fairfield County (the Library), is a private, not for profit corporation. The Library provides the community with various educational and literary resources. The Library was created by Mabel Wagnalls Jones through the Wagnalls Memorial Foundation in 1925. This gift expressed the loyalty of her parents, Hester Anna Willis Wagnalls and Adam Wagnalls, to the town and the township in which they were born, Lithopolis and Bloom. The Library has its own Board of Trustees consisting of nine members who serve a three year term. The Library is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The administration of the day-to-day operations of the Library is the responsibility of the Director and the financial accountability is the responsibility of the Clerk-Treasurer.

The Wagnalls Memorial Foundation is a not-for-profit organization established in 1924 with a self-appointing board. The Wagnalls Memorial Foundation was formed for the purpose of: Receiving gifts, devises and trust funds in order to erect, establish, maintain and operate forever in the Village of Lithopolis, in Fairfield County, Ohio, a memorial building for the diffusion of useful knowledge and the acquirement of the arts and sciences by the establishment therein of a library of literary, scientific, historical and miscellaneous books, records, manuscripts and rolls for general circulation and use, a reading room, an auditorium and rooms for the giving of lectures in art, science, philosophy, natural history, and in all educational fields, and for the giving of concerts, recitals and miscual entertainments, and a gallery for the exhibition of paintings, sculpture, works of art, the products of the various crafts, and other subjects promotive of usefulness, knowledge and education. Audited financial statements for the Library can be obtained from: Erma Storts, Director, at the Wagnall's Memorial Library, 150 East Columbus Street, Lithopolis, Ohio 43136. If the Library reported their financial statements in accordance with accounting principles generally accepted in the United States of America, these principles would require the financial statements of these two organizations to be consolidated.

The Friends of the Library is a not-for-profit organization with a board that is self appointing. 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, this organization has 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.

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**WAGNALLS MEMORIAL LIBRARY  
FAIRFIELD COUNTY**

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

**1. Summary of Significant Accounting Policies (continued)**

**C. Cash and Investments**

The Library values certificates of deposit at cost. Money market funds are recorded at share values.

**D. Fund Accounting**

The Library records all activity in one fund - the General Fund.

**E. Budgetary Process**

Although not required by Ohio Revised Code or by the Library By-Laws, the Library budgets for its fund annually. The Board annually approves appropriation measures and subsequent amendments.

Appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund and function level of control without prior approval of the Board.

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

**2. Equity in Pooled Cash and Investments**

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

	2006	2005
Demand deposits	\$8,141	\$19,044
Certificates of deposit	10,942	20,366
Total deposits	<u>\$19,083</u>	<u>\$39,410</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**WAGNALLS MEMORIAL LIBRARY  
FAIRFIELD COUNTY**

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

**3. Budgetary Activity**

Budgetary activity for the years ending 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$401,498	\$380,503	(\$20,995)
Total	\$401,498	\$380,503	(\$20,995)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$401,498	\$400,830	\$668
Total	\$401,498	\$400,830	\$668

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$461,518	\$354,586	(\$106,932)
Total	\$461,518	\$354,586	(\$106,932)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$461,476	\$372,784	\$88,692
Total	\$461,476	\$372,784	\$88,692

**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.

**WAGNALLS MEMORIAL LIBRARY  
FAIRFIELD COUNTY**

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

**5. Risk Management**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

**6. Defined Benefit Pension Plan**

Law covers all employees under Social Security and Medicare with contributions from both the employee and employer (the Library). Employees are eligible for a tax-sheltered savings plan under a 403(b) Plan. The Library Board has authorized monthly payroll deductions for those employees eligible and desiring to participate in the Plan. Deferred Compensation allows an employee to reduce taxable income while setting aside savings for retirement. These funds are invested in a number of financial instruments at the direction of the employee. The Library provides a match of 2.24% based on monthly gross wages.

The employees may also elect the cost of dental insurance to be deducted from their payroll.

The Library provides life insurance for those employees who are eligible. Eligibility is based on the number of weekly hours worked.

**7. Operating Leases**

The Library has the following leases:

- Copier lease for the Main area (First Floor)
- Copier lease for the Reference area (Second Floor)
- Copier lease for the Children's area (Lower Level)
  
- Computer leases for patron usage (all floors)
- Computer lease for the Computer Teaching Lab (Second Floor)
- Administration

The Library's yearly lease costs were:

TYPE	2006	2005
Copiers	\$5,092	\$5,299
Computers	\$4,751	\$ 586



# 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*

Wagnalls Memorial Library  
Fairfield County  
150 E. Columbus St.  
P. O. Box 217  
Lithopolis, Ohio 43136

To the Library Board of Trustees:

We have audited the financial statements of Wagnalls Memorial Library, Fairfield County, Ohio, (the Library) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated January 16, 2009, 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 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.

We also noted certain matters that we reported to the Library's management in a separate letter dated January 16, 2009.

### **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 a certain noncompliance or other matter that we reported to the Library's management in a separate letter dated January 16, 2009.

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

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

**Mary Taylor, CPA**  
Auditor of State

January 16, 2009



**WAGNALLS MEMORIAL LIBRARY  
FAIRFIELD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006 and 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2004-001	GAAP Financial Statement Presentation and Reporting	No	Dual Opinion disclosed in Independent Accountants' Report
2004-002	Finding for Recovery repaid under audit for an overpayment of an employees	Yes	





Mary Taylor, CPA  
Auditor of State

**WAGNALLS MEMORIAL LIBRARY**

**FAIRFIELD 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  
MARCH 12, 2009**