



Mary Taylor, CPA
Auditor of State

**GALLIA COUNTY DISTRICT LIBRARY
GALLIA COUNTY**

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Mary Taylor, CPA
Auditor of State

Gallia County District Library
Gallia County
7 Spruce Street
Gallipolis, Ohio 45631

To the Board of Trustees:

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

Mary Taylor

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September 24, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Gallia County District Library
Gallia County
7 Spruce Street
Gallipolis, Ohio 45631

To the Board of Trustees:

We have audited the accompanying financial statements of the Gallia County District Library, Gallia County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Library's larger (i.e., major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 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, 2008 and 2007, 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 the Gallia County District Library, Gallia County, Ohio, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 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

September 24, 2009

**GALLIA COUNTY DISTRICT LIBRARY
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$151,025			\$151,025
Library and Local Government Support	1,167,879			1,167,879
Intergovernmental	45,815			45,815
Patron Fines and Fees	46,399			46,399
Rental Income	9,600			9,600
Contributions, Gifts and Donations	3,406			3,406
Earnings on Investments	28,103	\$17,241	\$314	45,658
Miscellaneous	9,139			9,139
Total Cash Receipts	<u>1,461,366</u>	<u>17,241</u>	<u>314</u>	<u>1,478,921</u>
Cash Disbursements:				
Current:				
Salaries	595,423			595,423
Employee Fringe Benefits	193,224			193,224
Purchased and Contractual Services	132,186	200		132,386
Library Materials and Information	211,956	1,560		213,516
Supplies	50,688			50,688
Other	4,770			4,770
Capital Outlay	15,967	310,044		326,011
Total Cash Disbursements	<u>1,204,214</u>	<u>311,804</u>	<u>0</u>	<u>1,516,018</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>257,152</u>	<u>(294,563)</u>	<u>314</u>	<u>(37,097)</u>
Other Financing Receipts / (Disbursements):				
Sale of Fixed Assets	12,594			12,594
Transfers-In		561,000		561,000
Transfers-Out	(561,000)			(561,000)
Total Other Financing Receipts / (Disbursements)	<u>(548,406)</u>	<u>561,000</u>	<u>0</u>	<u>12,594</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(291,254)	266,437	314	(24,503)
Fund Cash Balances, January 1	1,013,157	844,209	12,955	1,870,321
Fund Cash Balances, December 31	<u><u>\$721,903</u></u>	<u><u>\$1,110,646</u></u>	<u><u>\$13,269</u></u>	<u><u>\$1,845,818</u></u>
Reserve for Encumbrances, December 31	<u>\$65,334</u>	<u>\$0</u>	<u>\$0</u>	<u>\$65,334</u>

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

**GALLIA COUNTY DISTRICT LIBRARY
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$143,025			\$143,025
Library and Local Government Support	1,186,953			1,186,953
Intergovernmental	43,392			43,392
Patron Fines and Fees	40,827			40,827
Rental Income	9,600			9,600
Contributions, Gifts and Donations	4,628			4,628
Earnings on Investments	49,993	\$38,763	\$557	89,313
Miscellaneous	7,686			7,686
Total Cash Receipts	<u>1,486,104</u>	<u>38,763</u>	<u>557</u>	<u>1,525,424</u>
Cash Disbursements:				
Current:				
Salaries	675,620			675,620
Employee Fringe Benefits	216,257			216,257
Purchased and Contractual Services	155,459	19,250		174,709
Library Materials and Information	206,716			206,716
Supplies	57,749			57,749
Other	9,248			9,248
Capital Outlay	18,453	265		18,718
Total Cash Disbursements	<u>1,339,502</u>	<u>19,515</u>	<u>0</u>	<u>1,359,017</u>
Total Cash Receipts Over/(Under) Cash Disbursements	146,602	19,248	557	166,407
Fund Cash Balances, January 1	866,555	824,961	12,398	1,703,914
Fund Cash Balances, December 31	<u>\$1,013,157</u>	<u>\$844,209</u>	<u>\$12,955</u>	<u>\$1,870,321</u>
Reserve for Encumbrances, December 31	<u>\$70,999</u>	<u>\$174,003</u>	<u>\$0</u>	<u>\$245,002</u>

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

**GALLIA COUNTY DISTRICT LIBRARY
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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 Gallia County District Library, Gallia County (the Library), as a body corporate and politic. Gallia County Judges and Commissioners 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 involved with the Southeast Regional Library System (SERLS) which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 7.

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

B. Accounting Basis

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

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

C. Cash and Investments

Cash accounts are valued at cost. STAROhio funds are recorded at share values reported by the company.

D. Fund Accounting

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

1. General Fund

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

2. Capital Projects Funds

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

Building and Repair Fund – This fund receives monies for the construction and repair of the Library facilities.

**GALLIA COUNTY DISTRICT LIBRARY
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

3. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Library's programs. The Library had the following significant Permanent Fund:

Endowment Fund – This fund accounts for monies which are donated to the Library.

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 2008 and 2007 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 and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2008	2007
Demand deposits	\$8,844	\$8,500
Petty cash	196	196
Total deposits	9,040	8,696
 STAROhio	 1,836,778	 1,861,625
Total deposits and investments	\$1,845,818	\$1,870,321

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

**GALLIA COUNTY DISTRICT LIBRARY
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

2. Equity in Pooled Cash and Investments (Continued)

Investments: Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2008 and December 31, 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,454,672	\$1,473,960	\$19,288
Capital Projects	25,500	578,241	552,741
Permanent	500	314	(186)
Total	\$1,480,672	\$2,052,515	\$571,843

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,115,899	\$1,830,548	\$285,351
Capital Projects	458,443	311,804	146,639
Permanent	0	0	0
Total	\$2,574,342	\$2,142,352	\$431,990

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,444,813	\$1,486,104	\$41,291
Capital Projects	19,500	38,763	19,263
Permanent	400	557	157
Total	\$1,464,713	\$1,525,424	\$60,711

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,717,800	\$1,410,501	\$307,299
Capital Projects	220,906	193,518	27,388
Permanent	0	0	0
Total	\$1,938,706	\$1,604,019	\$334,687

**GALLIA COUNTY DISTRICT LIBRARY
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

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 Department of Taxation, Division 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.

5. Retirement System

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Library contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2008.

6. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

**GALLIA COUNTY DISTRICT LIBRARY
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. Jointly Governed Organization

The Southeast Regional Library System (SERLS) is an area Library service organization created and governed according to the provisions of Section 3375.90 of the Ohio Revised Code. SERLS is composed of several Ohio counties, including Gallia County. SERLS's Board of Trustees consists of the Director from each of the member Libraries. The Gallia County District Library's control over budgeting and financing of SERLS is limited to its voting authority and its representation on SERLS's Board of Trustees.

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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*

Gallia County District Library
Gallia County
7 Spruce Street
Gallipolis, Ohio 45701

To the Board of Trustees:

We have audited the financial statements of the Gallia County District Library, Gallia County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007 and have issued our report thereon dated September 24, 2009, wherein we noted the Library followed 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

September 24, 2009



Mary Taylor, CPA
Auditor of State

GALLIA COUNTY DISTRICT LIBRARY

GALLIA 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
OCTOBER 13, 2009**