



**Auditor of State
Betty Montgomery**

ALGER PUBLIC LIBRARY OF THE UPPER SCIOTO VALLEY SCHOOL DISTRICT
HARDIN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2005.....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance - General Fund - For the Year Ended December 31, 2004.....	6
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Nonexpendable Trust Fund - For the Year Ended December 31, 2004.....	7
Notes to the Financial Statements	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13

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**Auditor of State
Betty Montgomery**

Alger Public Library of the Upper Scioto Valley School District
Hardin County
P.O. Box 18
100 West Wagner Street
Alger, Ohio 45812

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 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 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 "Betty Montgomery".

Betty Montgomery
Auditor of State

September 14, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Alger Public Library of the Upper Scioto Valley School District
Hardin County
P.O. Box 18
100 West Wagner Street
Alger, Ohio 45812

To the Board of Trustees:

We have audited the accompanying financial statements of the Alger Public Library of the Upper Scioto Valley School District, Hardin County, (the "Library"), as of and for the years ended December 31, 2005 and 2004. 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 Government 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, 2005 and 2004. 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 Library's 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, 2005 and 2004 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, 2005 and 2004, 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 fund cash balances of the Library, as of December 31, 2005 and 2004, and its 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, 2005 and 2004. 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.

As discussed in Note 2, for the year ended December 31, 2005, the Library reclassified its trust funds to the same fund classification as required by Generally Accepted Accounting Principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2006, 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.



Betty Montgomery
Auditor of State

September 14, 2006

**ALGER PUBLIC LIBRARY OF THE UPPER SCIOTO VALLEY SCHOOL DISTRICT
HARDIN COUNTY**

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

	Governmental Fund Types		
	General	Permanent	Totals (Memorandum Only)
Cash Receipts:			
Library and Local Government Support	\$70,095		\$70,095
Patron Fines and Fees	1,981		1,981
Earnings on Investments	1,701		1,701
Contributions, Gifts and Donations	230		230
Miscellaneous	25		25
Total Cash Receipts	74,032		74,032
Cash Disbursements:			
Current:			
Salaries	27,370		27,370
Employee Fringe Benefits	4,196		4,196
Purchased and Contracted Services	13,283		13,283
Library Materials and Information	9,921		9,921
Supplies	2,527		2,527
Other Objects	1,221		1,221
Capital Outlay	361		361
Total Cash Disbursements	58,879		58,879
Total Cash Receipts Over Cash Disbursements	15,153		15,153
Other Financing (Disbursements):			
Other Financing Uses	(22)		(22)
Cash Receipts Over Cash Disbursements and Other Financing Disbursements	15,131		15,131
Fund Cash Balances, January 1	62,213	10,028	72,241
Fund Cash Balances, December 31	\$77,344	\$10,028	\$87,372

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

**ALGER PUBLIC LIBRARY OF THE UPPER SCIOTO VALLEY SCHOOL DISTRICT
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

Cash Receipts:

Library and Local Government Support	\$69,712
Patron Fines and Fees	1,900
Contributions, Gifts and Donations	530
Earnings on Investments	613
	613

Total Cash Receipts	72,754
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Cash Disbursements:

Current:	
Salaries	25,147
Employee Fringe Benefits	3,938
Purchased and Contracted Services	17,571
Library Materials and Information	6,516
Supplies	2,517
Other Objects	303
Capital Outlay	526
	526

Total Cash Disbursements	56,518
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Total Cash Receipts Over Cash Disbursements	16,236
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Other Financing Receipts/(Disbursements):

Sales of Fixed Assets	341
Other Financing Uses	(106)
	(106)

Total Other Financing Receipts/(Disbursements)	235
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Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	16,471
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Fund Cash Balance, January 1	45,742
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Fund Cash Balance, December 31	\$62,213
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The notes to the financial statements are an integral part of this statement.

ALGER PUBLIC LIBRARY OF THE UPPER SCIOTO VALLEY SCHOOL DISTRICT
HARDIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

Operating Cash Receipts:

Earning on Investments \$0

Operating Cash Disbursements:

Library Materials 0

Total Cash Receipts Over Cash Disbursements 0

Fund Cash Balance, January 1 10,028

Fund Cash Balance, December 31 \$10,028

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

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**ALGER PUBLIC LIBRARY OF THE UPPER SCIOTO VALLEY SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

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 Alger Public Library of the Upper Scioto Valley School District, Hardin County, (the Library), as a body corporate and politic. The Upper Scioto Valley Local School District's Board 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 prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. The investment in STAR Ohio is recorded at share value reported by the State Treasurer.

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. During 2005, the Library classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Permanent Funds

Trust funds are used to account for resources restricted by legally binding trust agreements that require the Library to maintain the principal of the trust. Interest earning can then be spent on the Libraries own programs. The Library had the following significant Permanent Fund:

T. Reed Dunlap Nonexpendable Trust Fund – received funds from the last will and testament of Mabel Dunlap as a permanent endowment. Interest income earned on the principal is to be used for the purchase of books of lasting merit which should pertain to the subjects of art, history, science and literature which should be chosen especially for the reading enjoyment of children and teenage boys and girls.

**ALGER PUBLIC LIBRARY OF THE UPPER SCIOTO VALLEY SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During 2004, the Library classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. The Library had the following nonexpendable trust fund:

T. Reed Dunlap Nonexpendable Trust Fund – received funds from the last will and testament of Mabel Dunlap as a permanent endowment. Interest income earned on the principal is to be used for the purchase of books of lasting merit which should pertain to the subjects of art, history, science and literature which should be chosen especially for the reading enjoyment of children and teenage boys and girls.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. 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 2005 and 2004 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. CHANGE IN CLASSIFICATION OF FUNDS

During 2005, the Library reclassified its Nonexpendable Trust Fund to the same fund category required by Generally Accepted Accounting Principles (GAAP). This resulted in the Nonexpendable Trust Fund, classified as a Fiduciary Fund during 2004, being reclassified to a Permanent Fund which is part of the governmental fund type.

3. EQUITY IN POOLED CASH AND INVESTMENTS

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

**ALGER PUBLIC LIBRARY OF THE UPPER SCIOTO VALLEY SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	2005	2004
Demand deposits	\$21,021	\$22,140
Certificates of deposit	27,844	27,275
Total deposits	48,865	49,415
STAR Ohio	38,507	22,826
Total deposits and investments	\$87,372	\$72,241

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

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

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and December 31, 2004 follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$72,925	\$74,032	\$1,107
Permanent Fund	0	0	0
Total	\$72,925	\$74,032	\$1,107

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$82,500	\$58,901	\$23,599
Permanent Fund	100	0	100
Total	\$82,600	\$58,901	\$23,699

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$72,672	\$73,095	\$423
Permanent Fund	0	0	0
Total	\$72,672	\$73,095	\$423

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$65,000	\$56,624	\$8,376
Nonexpendable Trust	0	0	0
Total	\$65,000	\$56,624	\$8,376

**ALGER PUBLIC LIBRARY OF THE UPPER SCIOTO VALLEY SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

5. GRANTS-IN-AID

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated 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 any additional revenues the Library receives.

6. 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 gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2005.

7. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Alger Public Library of the Upper Scioto Valley School District
Hardin County
P.O. Box 18
100 West Wagner Street
Alger, Ohio 45812

To the Board of Trustees:

We have audited the financial statements of the Alger Public Library of the Upper Scioto Valley School District, Hardin County, (the "Library"), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated September 14, 2006, wherein we noted the Library follows the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that 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 because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

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 that we must report under *Government Auditing Standards*.

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Alger Public Library of the Upper Scioto Valley School District
Hardin County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

September 14, 2006



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

ALGER PUBLIC LIBRARY

HARDIN 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 19, 2006**