



**PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY**

REGULAR AUDIT

**FOR THE YEARS ENDED DECEMBER 31, 2007
AND DECEMBER 31, 2006**



Mary Taylor, CPA
Auditor of State

PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Pickaway County District Library
Pickaway County
1160 North Court Street
Circleville, Ohio 43113

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pickaway County District Library, Pickaway County, Ohio (the Library), as of and for the year ended December 31, 2007 and December 31, 2006, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pickaway County District Library, Pickaway County, Ohio, as of December 31, 2007 and December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2008, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

April 17, 2008

**PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED**

This discussion and analysis of the Pickaway County District Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$1,501,359, or 10.5 percent, a significant change from the prior year. The funds most affected by the increase in cash and cash equivalents were the General Fund and Capital Improvements/Main Fund.

The Library's general receipts are primarily Library and Local Government Support Fund (LLGSF) receipts. These receipts represent 53.4 percent of the total cash received for governmental activities during the year.

The Library had \$1,970,162 in disbursements relating to governmental activities; \$668,748 of these disbursements was offset by program specific charges for services and operating or capital grants and contributions.

The Library received \$200,097 in unrestricted donations to the General Fund that included an unrestricted bequest of \$187,543.

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$10,564,826 or 284.3 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund.

The Library's general receipts are primarily Library and Local Government Support Fund (LLGSF) receipts. These receipts represent 14.9 percent of the total cash received for governmental activities during the year.

The Library had \$1,878,988 in disbursements relating to governmental activities; \$76,880 of these disbursements was offset by program specific charges for services and operating or capital grants and contributions.

The Library received two bequests totaling \$10,181,280 as unrestricted donations to the General Fund.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

**PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Library as a Whole

The statement of net assets and the statement of activities reflect how the Library did financially during 2007 and 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well such as the condition of the Library's capital assets, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources.

In the statement of net assets and the statement of activities, the Library presents one type of activity:

Governmental activities - All of the Library's basic services are reported here, including library services and capital outlay. The Library and Local Government Support receipts finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Library are classified as governmental funds.

Governmental Funds – All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds are the General Fund and the Capital Improvements/Main Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2007 compared to 2006 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities		Variance
	2007	2006	
Assets			
Cash and Cash Equivalents	\$15,781,852	\$14,280,493	\$1,501,359
Net Assets			
Restricted for:			
Capital Projects	968,833	368,833	600,000
Other Purposes	3,892	3,368	524
Unrestricted	14,809,127	13,908,292	900,835
Total Net Assets	\$15,781,852	\$14,280,493	\$1,501,359

As mentioned previously, net assets of governmental activities increased \$1,501,359, or 10.5 percent during 2007. The primary factors contributing to the increases in cash balances are as follows:

- In 2007, the Library received over \$800,000 in restricted and unrestricted gifts and bequests.
- In 2006, the Library received two bequests totaling over \$10,000,000 of which 60% was received near year end. This large increase in net assets from mid to late 2006 caused interest income to more than double in 2007, total earnings on investments nearing \$750,000.
- While revenues increased substantially, total disbursements increased only \$91,000.

**PICKAWAY COUNTY DISTRICT LIBRARY
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
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Table 2 reflects the changes in net assets in 2007 and 2006.

(Table 2)
Changes in Net Assets

	Governmental Activities		Variance
	2007	2006	
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$61,793	\$66,633	\$(4,840)
Operating Grants and Contributions	1,955	5,147	(3,192)
Capital Grants and Contributions	605,000	5,100	599,900
Total Program Cash Receipts	<u>668,748</u>	<u>76,880</u>	<u>591,868</u>
General Receipts:			
Intergovernmental	1,854,662	1,854,662	-
Unrestricted Gifts and Contributions	200,097	10,183,598	(9,983,501)
Interest	742,170	325,954	415,216
Miscellaneous	5,844	2,720	3,124
Total General Receipts	<u>2,802,773</u>	<u>12,366,934</u>	<u>(9,564,161)</u>
Total Receipts	<u>3,471,521</u>	<u>12,443,814</u>	<u>(8,972,293)</u>
Disbursements:			
Governmental Activities:			
General Library Services	1,883,732	1,745,120	138,612
Capital Outlay	86,430	133,868	(47,438)
Total Disbursements	<u>1,970,162</u>	<u>1,878,988</u>	<u>91,174</u>
Increase (Decrease) in Net Assets	1,501,359	10,564,826	(9,063,467)
Net Assets, January 1	<u>14,280,493</u>	<u>3,715,667</u>	<u>10,564,826</u>
Net Assets, December 31	<u>\$15,781,852</u>	<u>\$14,280,493</u>	<u>\$1,501,359</u>

Program receipts represent 19 percent of total receipts in 2007, and of this amount, 90.8 percent are restricted donations. Program receipts represent only 1 percent of total receipts in 2006 and are primarily comprised of charges for services.

General receipts represent 81 percent of the Library's total receipts in 2007, and of this amount, 66.2 percent are Library and Local Government Support Funds and 26.5 percent is interest. Miscellaneous receipts and unrestricted gifts and contributions make up the balance of the Library's general receipts for 2007. General receipts represent 99 percent of the Library's total receipts in 2006, and of this amount, 15 percent are Library and Local Government Support Funds and 82.3 percent are unrestricted gifts and contributions. Miscellaneous receipts and interest make up the balance of the Library's general receipts for 2006.

Disbursements represent the overhead costs of running the Library and the support services provided for the other Library activities. These include the costs of public service programs, facility operation and maintenance, and the library branch office, as well as payroll and purchasing.

**PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The net (Disbursements) Receipts column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by general revenues. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2007	Net Cost of Services 2007
General Library Services	\$1,883,732	\$1,819,984
Capital Outlay	86,430	(518,570)
Total Expenses	\$1,970,162	\$1,301,414
	Total Cost of Services 2006	Net Cost of Services 2006
General Library Services	\$1,745,120	\$1,673,340
Capital Outlay	133,868	128,768
Total Expenses	\$1,878,988	\$1,802,108

The dependence upon Library and Local Government Support Fund receipts is apparent as 66 percent and 96 percent of governmental activities for 2007 and 2006, respectively, are supported through these and other general receipts.

The Library's Funds

In 2007, total governmental funds had receipts of \$3,471,521 and disbursements of \$1,970,162. The greatest changes within governmental funds occurred within the General Fund and the Capital Improvements/Main Fund. The fund balance of the General Fund increased \$802,645 and the fund balance of the Capital Improvements/Main Fund increased \$714,935, both due primarily to monies from bequests and interest income. Total General Fund disbursements increased \$88,437 or 4.76 percent from 2006. The significant increases/decreases in major expenditure categories are as follows. Salary and Benefits increased \$130,184 or 11.85 percent, which included a minimum 4% wage rate increase for all employees that increased salary/benefit costs by over \$55,000; the addition of five new part-time positions hired late spring (67% of the year) primarily to cover extended library hours, resulting in added salary/benefit costs of approximately \$46,000 (67% of annual cost of \$68,500 for 2007); OPERS rates increased by .65 percent for employee pickup and employer contributions combined; health insurance premiums increased 14.4 percent or \$19,000 for the Library in 2007. With offsetting increases and decreases in travel, postage & freight, building and equipment repairs, and bookmobile repairs, Contract Services increased less than 5 percent. Furniture and equipment, including technology, decreased \$53,426 due mainly to the purchasing of Capital Outlay, funded by the unrestricted bequests of Harold Holland and Doris Kibler Brehmer, in 2006. Supplies and Library Materials purchasing remained flat.

**PICKAWAY COUNTY DISTRICT LIBRARY
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
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In 2006, total governmental funds had receipts of \$12,443,814 and disbursements of \$1,878,988. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$10,473,582, due primarily to the receipt of two major unrestricted bequests totaling over \$10,181,000. Total General Fund disbursements increased \$177,143 or 10.54 percent, more than \$96,000 of which were purchases of supplies (\$1,875), bookmobile repairs (\$16,675- new generator & upholstery), library materials (\$4,500), and furniture and equipment (\$73,400) funded by the Holland and Brehmer unrestricted bequests. Other notable areas of increase are as follows. Salary and Benefits increased \$41,000 or 4 percent overall due to 3% wage rate increases, .65 percent OPERS rate increases, 9.7 percent increase in health insurance premiums, and a decrease in salary and benefits of \$20,300 due to two unpaid medical leaves and the vacancy of the Computer Technician position for eight months. Library Materials (net of those funded by bequests) increased \$41,000 or 15.81 percent because of the early ordering cut-off late 2005 due to personnel issues within the acquisitions department; otherwise, materials would have remained flat.

The Capital Improvements Fund/Main supports normal capital improvements and major repairs at the main library, in addition to supporting the construction of new branch facilities. In 2007, this fund increased by \$714,935 to an unreserved balance at year end of \$2,291,403, due to a \$600,000 bequest and interest income.

General Fund Budgeting Highlights

The Library's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2007 and 2006, the Library amended its General Fund budget to reflect changing circumstances. In both years, final budgeted receipts were greater than original budgeted receipts due to unexpected increases in several line items. The difference between final budgeted receipts and actual receipts was not significant.

In 2007, final disbursements were budgeted at \$2,467,018 while actual disbursements were \$2,058,967. In 2006, final disbursements were budgeted at \$2,287,549 while actual disbursements were \$1,923,035. While the Library did not reduce appropriations to reflect the decrease in necessary disbursements, the Library did not spend more than was appropriated.

Capital Assets and Debt Administration

Capital Assets

The Library does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

Debt

The Library has capital leases in the amount of \$30,929, including interest, outstanding as of December 31, 2007. See Note 8 for more details on the Capital Leases.

PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)

Current Issues

Funding from the State of Ohio for the Library and Local Government Support Fund (LLGSF) was frozen at the 2005 level for both 2007 and 2006, and future funding is uncertain. The Library has been conservative in its spending and prudent with its necessary resources, such as supplies. The library materials budget, being one major area in which costs can be controlled, was increased only \$5,000 or 1.57 percent for 2007 and 2006, to be funded by the Harold Holland unrestricted bequest. In 2007, due to interest income being earned on a \$10M unrestricted bequest received in 2006 and with a carryover General Fund balance of over \$2M at 2006 year end, the Library Board of Trustees elected to extend summer hours for both libraries and extend main library hours to include Sundays.

The Library will be challenged to continue to maintain the current level of services and programs due to the uncertainty of future funding and ordinary inflation. The Board of Trustees and Library administration must maintain careful financial planning and prudent fiscal management in order to provide services needed and balance the budget annually.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Angela Agosta, Clerk-Treasurer, Pickaway County District Library, 1160 North Court Street, Circleville, Ohio 43113.

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PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 15,781,852</u>
<i>Total Assets</i>	<u><u>\$ 15,781,852</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$ 968,833
Other Purposes	3,892
Unrestricted	<u>14,809,127</u>
<i>Total Net Assets</i>	<u><u>\$ 15,781,852</u></u>

See accompanying notes to the basic financial statements

**PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General</u>	<u>Capital Improvements/ Main</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 12,890,494	\$ 2,291,403	\$ 599,955	\$ 15,781,852
<i>Total Assets</i>	<u>\$ 12,890,494</u>	<u>\$ 2,291,403</u>	<u>\$ 599,955</u>	<u>\$ 15,781,852</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$ 111,981	\$ -	\$ 115	\$ 112,096
Unreserved:				
Undesignated , Reported in:				
General Fund	12,778,513	-	-	12,778,513
Special Revenue Funds	-	-	3,777	3,777
Capital Projects Funds	-	2,291,403	596,063	2,887,466
<i>Total Fund Balances</i>	<u>\$ 12,890,494</u>	<u>\$ 2,291,403</u>	<u>\$ 599,955</u>	<u>\$ 15,781,852</u>

See accompanying notes to the basic financial statements

**PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY**

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

	General	Capital Improvements/ Main	Other Governmental Funds	Total Governmental Funds
Receipts				
Library and Local Government Support	\$ 1,854,662	\$ -	\$ -	\$ 1,854,662
Patron Fines and Fees	61,793	-	-	61,793
Contributions, Gifts and Donations	200,097	600,000	6,955	807,052
Earnings on Investments	627,235	114,935	-	742,170
Miscellaneous	5,844	-	-	5,844
<i>Total Receipts</i>	<u>2,749,631</u>	<u>714,935</u>	<u>6,955</u>	<u>3,471,521</u>
Disbursements				
General Library Services	1,882,301	-	1,431	1,883,732
Capital Outlay	64,685	-	21,745	86,430
<i>Total Disbursements</i>	<u>1,946,986</u>	<u>-</u>	<u>23,176</u>	<u>1,970,162</u>
<i>Net Change in Fund Balances</i>	802,645	714,935	(16,221)	1,501,359
<i>Fund Balances Beginning of Year</i>	<u>12,087,849</u>	<u>1,576,468</u>	<u>616,176</u>	<u>14,280,493</u>
<i>Fund Balances End of Year</i>	<u>\$ 12,890,494</u>	<u>\$ 2,291,403</u>	<u>\$ 599,955</u>	<u>\$ 15,781,852</u>

See accompanying notes to the basic financial statements

**PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Library and Local Government Support	\$ 1,854,662	\$ 1,854,662	\$ 1,854,662	\$ -
Patron Fines and Fees	50,750	60,800	61,793	993
Contributions, Gifts and Donations	350	200,000	200,097	97
Earnings on Investments	250,000	627,200	627,235	35
Miscellaneous	1,150	5,800	5,844	44
<i>Total receipts</i>	<u>2,156,912</u>	<u>2,748,462</u>	<u>2,749,631</u>	<u>1,169</u>
Disbursements				
General Library Services	2,349,746	2,351,476	1,969,725	381,751
Capital Outlay	90,542	115,542	89,242	26,300
<i>Total Disbursements</i>	<u>2,440,288</u>	<u>2,467,018</u>	<u>2,058,967</u>	<u>408,051</u>
<i>Net Change in Fund Balance</i>	(283,376)	281,444	690,664	409,220
<i>Fund Balance Beginning of Year</i>	12,023,363	12,023,363	12,023,363	-
Prior Year Encumbrances Appropriated	64,486	64,486	64,486	-
<i>Fund Balance End of Year</i>	<u>\$ 11,804,473</u>	<u>\$ 12,369,293</u>	<u>\$ 12,778,513</u>	<u>\$ 409,220</u>

See accompanying notes to the basic financial statements

PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 14,280,493
<i>Total Assets</i>	<u>\$ 14,280,493</u>
Net Assets	
Restricted for:	
Capital Projects	\$ 368,833
Other Purposes	3,368
Unrestricted	<u>13,908,292</u>
<i>Total Net Assets</i>	<u>\$ 14,280,493</u>

See accompanying notes to the basic financial statements

**PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Capital Improvements/ Main</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 12,087,849	\$ 1,576,468	\$ 616,176	\$ 14,280,493
<i>Total Assets</i>	<u>\$ 12,087,849</u>	<u>\$ 1,576,468</u>	<u>\$ 616,176</u>	<u>\$ 14,280,493</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$ 64,486	\$ -	\$ 417	\$ 64,903
Unreserved:				
Undesignated , Reported in:				
General Fund	12,023,363	-	-	12,023,363
Special Revenue Funds	-	-	2,951	2,951
Capital Projects Funds	-	1,576,468	612,808	2,189,276
<i>Total Fund Balances</i>	<u>\$ 12,087,849</u>	<u>\$ 1,576,468</u>	<u>\$ 616,176</u>	<u>\$ 14,280,493</u>

See accompanying notes to the basic financial statements

**PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Capital Improvements/ Main	Other Governmental Funds	Total Governmental Funds
Receipts				
Library and Local Government Support	\$ 1,854,662	\$ -	\$ -	\$ 1,854,662
Patron Fines and Fees	66,633	-	-	66,633
Contributions, Gifts and Donations	10,183,598	100	10,147	10,193,845
Earnings on Investments	224,518	101,436	-	325,954
Miscellaneous	2,720	-	-	2,720
<i>Total Receipts</i>	<u>12,332,131</u>	<u>101,536</u>	<u>10,147</u>	<u>12,443,814</u>
Disbursements				
General Library Services	1,740,438	-	4,682	1,745,120
Capital Outlay	118,111	-	15,757	133,868
<i>Total Disbursements</i>	<u>1,858,549</u>	<u>-</u>	<u>20,439</u>	<u>1,878,988</u>
<i>Net Change in Fund Balances</i>	10,473,582	101,536	(10,292)	10,564,826
<i>Fund Balances Beginning of Year</i>	<u>1,614,267</u>	<u>1,474,932</u>	<u>626,468</u>	<u>3,715,667</u>
<i>Fund Balances End of Year</i>	<u>\$ 12,087,849</u>	<u>\$ 1,576,468</u>	<u>\$ 616,176</u>	<u>\$ 14,280,493</u>

See accompanying notes to the basic financial statements

**PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Library and Local Government Support	\$ 1,854,662	\$ 1,854,662	\$ 1,854,662	\$ -
Patron Fines and Fees	45,750	65,100	66,633	1,533
Contributions, Gifts and Donations	350	10,183,550	10,183,598	48
Earnings on Investments	16,000	224,500	224,518	18
Miscellaneous	1,150	2,700	2,720	20
<i>Total receipts</i>	<u>1,917,912</u>	<u>12,330,512</u>	<u>12,332,131</u>	<u>1,619</u>
Disbursements				
General Library Services	2,109,524	2,129,924	1,799,032	330,892
Capital Outlay	68,700	157,625	124,003	33,622
<i>Total Disbursements</i>	<u>2,178,224</u>	<u>2,287,549</u>	<u>1,923,035</u>	<u>364,514</u>
<i>Net Change in Fund Balance</i>	(260,312)	10,042,963	10,409,096	366,133
<i>Fund Balance Beginning of Year</i>	1,556,770	1,556,770	1,556,770	-
Prior Year Encumbrances Appropriated	<u>57,497</u>	<u>57,497</u>	<u>57,497</u>	-
<i>Fund Balance End of Year</i>	<u>\$ 1,353,955</u>	<u>\$ 11,657,230</u>	<u>\$ 12,023,363</u>	<u>\$ 366,133</u>

See accompanying notes to the basic financial statements

**PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

Note 1 – Description of the Reporting Entity

The Pickaway County District Public Library was organized as a county district public library under the laws of the State of Ohio. The Library is directed by a seven-member Board of Trustees, four of which are appointed by the Pickaway County Commissioners and three by the Pickaway County Common Pleas Court Judge. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Clerk-Treasurer.

The Library is fiscally independent of Pickaway County, although the County serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the County must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the County.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," the Library is considered to be a related organization of the County.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations that are fiscally dependent on the Library in that the Library approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The Library participates in the Central Library Consortium, a joint venture. In addition, the Southeast Regional Library System (SERLS) is a jointly governed organization of the Library. See Notes 9 and 10 to the financial statements that provide additional information for these entities.

The Friends of the Pickaway County District Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The Library receives an insignificant amount of resources from the Friends of the Library. 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.

**PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, the financial statements of the Pickaway County District Public Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements for the governmental activities, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The most significant of the Library's accounting policies are described below.

A. Basis of Presentation

The Library's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through intergovernmental receipts, other nonexchange transactions, interest income, and patron fines and fees.

The statement of net assets presents the cash balance of the governmental activities of the Library at year end. The statement of activities compares disbursements and program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Library's general receipts.

Fund Financial Statements

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The Library's funds are all classified as governmental funds.

**PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

Governmental Funds

Governmental funds are financed primarily from intergovernmental receipts (e.g. grants), other nonexchange transactions, interest income, and patron fines and fees. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

General Fund - The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

Capital Improvements/Main Fund - This fund is used to account for receipts that are restricted for the acquisition, construction, or repair of major capital projects for the main library or new branch libraries.

The other governmental funds of the Library account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, (except agency funds), are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Clerk-Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

**PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

E. Cash and Cash Equivalents

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

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 negative receipts (contra revenue), respectively.

During 2007 and 2006, investments were limited to STAR Ohio and nonnegotiable certificates of deposit.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007 and 2006.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the General Fund and Capital Improvements/Main Fund amounted to \$627,235 and \$114,935 during 2007 and \$224,518 and \$101,436 during 2006.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Library does not have any restricted assets.

G. Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's cash basis of accounting.

**PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

J. Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Library's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for capital projects include resources received for various construction and capital improvement projects completed by the Library. Net assets restricted for other purposes include resources restricted by the nature of contributions.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

The Library reserves any portion of fund balances is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at 2007 and 2006 year end (budgetary basis) for the General Fund totaled \$111,981 and \$64,486, respectively.

**PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 4 - Deposits and Investments

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 4 - Deposits and Investments (continued)

At year end December 31, 2007 and 2006, the Library had \$600 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007, \$27,161 of the Library's bank balance of \$127,161 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution, but not in the Library's name. At December 31, 2006, the Library's bank balance was not exposed to custodial credit risk.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2007 and 2006, the Library had the following investments:

	Carrying Value at Dec. 31, 2007	Carrying Value at Dec. 31, 2006	Maturity
STAR Ohio	\$15,746,193	\$14,280,483	Average

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Note 5 - Risk Management

The Pickaway County District Public Library maintains with private carriers insurance coverage which includes comprehensive property and general liability coverage, vehicle coverage, crime coverage including employee dishonesty and theft, disappearance and destruction, inland marine, and errors and omissions coverage. Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 6 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the years ended December 31, 2007 and 2006, the members of all three plans were required to contribute 9.5 percent and 9 percent, respectively, of their annual covered salaries. The Library's contribution rate for pension benefits for 2007 and 2006 were 13.85 percent and 13.70 percent, respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$197,171, \$173,625, and \$154,365 respectively; the full amount has been contributed for 2007, 2006, and 2005.

Note 7 – Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 and 2006 local government employer contribution rates were 13.85 percent and 13.70 percent, respectively, of covered payroll. For 2007, the employer contribution allocated to the health care plan from January 1 through June 30, 2007 and July 1 through December 31, 2007 was 5 percent and 6 percent, respectively, of covered payroll; for 2006, the allocation was 4.5 percent of covered payroll.

**PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 7 – Postemployment Benefits (continued)

Ohio Public Employees Retirement System (continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase from 0.50 to 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$78,549. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarially accrued liability were \$30.7 billion and \$18.7 billion, respectively. The Library has paid all contributions required through December 31, 2007.

Note 8 – Leases

The Library leases two copiers and a postage machine and in 2005, entered into a 3-year lease agreement for computers. The Library disbursed \$25,189 and \$26,310 to pay lease costs for the year ended December 31, 2007 and December 31, 2006. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2008	\$8,616
2009	8,616
2010	6,911
2011	4,524
2012	<u>2,262</u>
Total	<u><u>\$30,929</u></u>

Note 9 – Joint Ventures

The Library is a member of the Central Library Consortium (the "CLC"). The CLC is a separate entity established as a joint venture to provide reduced costs to the individual member libraries through collective efforts and resource sharing. The CLC undertakes projects that strive to complement the existing resources available through the State Library regional system. The CLC, which commenced on June 13, 1988, has eight members consisting of the Alexandria Public Library, Fairfield County District Library, Grandview Heights Public Library, Pickerington Public Library, Wagnalls Memorial Library, Pickaway County District Public Library, Marysville Public Library, and Plain City Public Library. The original agreement has been modified to extend membership to additional libraries. The CLC is governed by a Council consisting of one appointed representative by each member library. The Grandview Heights Public Library accounts for the CLC's financial operations.

**PICKAWAY COUNTY DISTRICT LIBRARY
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 9 – Joint Ventures (continued)

Members make payments to the CLC in amounts established in the agreements for individual projects undertaken by the CLC. The Library has no explicit and measurable equity interest in the venture. The Library's only ongoing financial responsibility to the CLC is for participating projects that have been entered into by the Library.

The Library paid annual fees to the Central Library Consortium (CLC) in 2007 and 2006 totaling \$63,779 and \$63,672 respectively.

Note 10 – Jointly Governed Organizations

The Southeast Regional Library System (SERLS) is an area library service organization created and governed according to the provisions of sections 3375.70 through 3375.73 of the Ohio Revised Code. SERLS replaced the old regional library system, Ohio Valley Area Libraries (OVAL) July 1, 2006. SERLS is composed of libraries in the Ohio Counties of Athens, Belmont, Delaware, Fairfield, Franklin, Gallia, Guernsey, Hocking, Jackson, Jefferson, Lawrence, Licking, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Pickaway, Pike, Ross, Scioto, Vinton, and Washington Counties. The SERLS Board of Trustees shall be composed of a minimum of seven members and not more than fifteen in accordance with the Ohio Administrative Code 3375-2-07 (B.5). The Pickaway County District Public Library's control over budgeting and financing of SERLS is limited to its voting authority and its representation on the SERLS Board of Trustees.

The Library pays an annual fee, as well as training workshop fees, to the Southeast Regional Library System (SERLS), a jointly governed organization of which the Library is a member. In 2007 and 2006, the Library paid \$1,660 and \$1,655 to SERLS, respectively.

Note 11 – Subsequent Events

The Library accepted an estate donation of \$300,000 on February 8, 2008.



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*

Pickaway County District Library
Pickaway County
1160 North Court Street
Circleville, Ohio 43113

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pickaway County District Library, Pickaway County, Ohio (the Library) as of and for the year ended December 31, 2007 and December 31, 2006, and have issued our report thereon dated April 17, 2008, wherein we noted that the Library revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statements No. 34. 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 noted a certain matter that we reported to the Library's management in a separate letter dated April 17, 2008.

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 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

April 17, 2008



Mary Taylor, CPA
Auditor of State

PICKAWAY COUNTY DISTRICT LIBRARY

PICKAWAY 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 24, 2008**