



Mary Taylor, CPA  
Auditor of State



**ST. MARYS COMMUNITY PUBLIC LIBRARY  
AUGLAIZE COUNTY**

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ST. MARYS COMMUNITY PUBLIC LIBRARY  
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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

St. Marys Community Public Library  
Auglaize County  
140 South Chestnut Street  
St. Marys, Ohio 45885

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 St. Marys Community Public Library, Auglaize County, (the Library), as of and for the years ended December 31, 2007 and 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. 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 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 St. Marys Community Public Library, Auglaize County, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, Memorial Fund and Sheets Endowment Trust 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 June 30, 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

June 30, 2008

**ST. MARYS COMMUNITY PUBLIC LIBRARY  
AUGLAIZE COUNTY**

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

This discussion and analysis of the St Marys Community Public Library's 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 and 2006 are as follows:

- Net assets of governmental activities decreased \$32,789, or 20.3 percent during 2007, and \$7,472 or 4.4 percent during 2006. The fund most affected by the decrease in cash and cash equivalents was the General Fund during 2007 and the General and Memorial funds during 2006.
- The Library's general receipts are primarily library and local government support fund revenues. These receipts represent 94.6 percent for 2007 and 95.4 percent for 2006 of the total cash received for governmental activities during the year. Library and local government support fund receipts for 2007 did not change when compared to 2006 as library support funding was frozen.

**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.

**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.

**ST. MARYS COMMUNITY PUBLIC LIBRARY  
AUGLAIZE COUNTY**

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

**Reporting the Government 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 of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. 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. The comparison of cash disbursements with program receipts identifies how each governmental activity draws from the Library's general receipts.

These statements report the Library's cash position and the 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 non-financial factors the condition of the Library's capital assets, reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as local library funding.

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

**Governmental activities** - All of the Library's basic services are reported here. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**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.

**Governmental Funds** - 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, Memorial Fund and the Sheets Endowment Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**ST. MARYS COMMUNITY PUBLIC LIBRARY  
AUGLAIZE COUNTY**

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

**The Library as a Whole**

Table 1 provides a summary of the Library's net assets for 2007 compared to 2006 and 2005 on a cash basis:

**(Table 1)  
Net Assets**

	<b>Governmental Activities</b>		
	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$128,596	\$161,385	\$168,856
Total Assets	<u>128,596</u>	<u>161,385</u>	<u>168,856</u>
<b>Net Assets</b>			
<b>Restricted for:</b>			
Capital Outlay	1,617	1,605	1,593
Other Purposes	88,474	97,856	102,204
Unrestricted	38,505	61,924	65,059
Total Net Assets	<u>\$128,596</u>	<u>\$161,385</u>	<u>\$168,856</u>

As mentioned previously, net assets of governmental activities decreased \$ 32,789 or 20.3 percent during 2007 and \$7,472 or 4.4 percent during 2006. The primary reasons contributing to the decreases in cash balances are as follows:

- Increases in salaries and health benefit costs.
- Increase in capital outlay purchases

Table 2 reflects the changes in net assets on a cash basis during 2007, 2006 and 2005 for governmental activities.

**(Table 2)  
Changes in Net Assets**

	<b>Governmental Activities</b>		
	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Receipts:</b>			
<b>Program Receipts:</b>			
Charges for Services and Sales	\$11,180	\$12,357	\$11,113
Operating Grants and Contributions	1,160	2,225	715
Total Program Receipts	<u>12,340</u>	<u>14,582</u>	<u>11,828</u>
Unrestricted Gifts and Contributions	10,566	4,150	2,875
Grants and Entitlements Not Restricted			
To Specific Programs	532,295	532,295	532,295
Earnings on Investments	5,504	5,261	3,453
Miscellaneous	1,845	1,601	1,706
Total General Receipts	550,210	543,307	540,329
Total Receipts	562,550	557,889	552,157

(Continued)

**ST. MARYS COMMUNITY PUBLIC LIBRARY  
AUGLAIZE COUNTY**

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

**(Table 2)  
Changes in Net Assets  
(Continued)**

	<b>Governmental Activities</b>		
	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Disbursements:</b>			
Library Services	570,190	551,294	536,740
Capital Outlay	25,149	14,067	10,996
Total Disbursements	<u>595,339</u>	<u>565,361</u>	<u>547,736</u>
Change in Net Assets	(32,789)	(7,472)	4,421
Net Assets, January 1	<u>161,385</u>	<u>168,857</u>	<u>164,436</u>
Net Assets, December 31	<u>\$128,596</u>	<u>\$161,385</u>	<u>\$168,857</u>

Program receipts represent 2.2 and 2.7 percent of total receipts for 2007 and 2006 respectively and are primarily comprised of moneys collected from fines and fees and contributions.

General receipts represent 97.8 and 97.3 percent of the Library's total receipts for 2007 and 2006 respectively, and of this amount, over 96.7 and 97.9 percent for 2007 and 2007 respectively are from the local government support fund. The majority of other receipts are from interest earning and donations which are somewhat unpredictable.

Disbursements for General Government represent the overhead costs of running the Library and the support services provided by for library services. These include library staff payroll, travel, and utilities. Since these costs do not represent direct services to residents, we try to limit these costs to 60 percent of the General fund unrestricted receipts.

**Governmental Activities**

If you look at the Statement of Activities for 2007 and 2006, 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 major program disbursements for governmental activities are salaries and books and materials, which account for 95.8 and 97.5 percent of all governmental disbursements, for 2007 and 2006 respectively. The next two 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 Receipt (Disbursement) 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 local taxpayers. 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)**

	<b>Governmental Activities</b>					
	<b>Total Cost of Services 2007</b>	<b>Net Cost of Services 2007</b>	<b>Total Cost of Services 2006</b>	<b>Net Cost of Services 2006</b>	<b>Total Cost of Services 2005</b>	<b>Net Cost of Services 2005</b>
Library Services	\$570,190	(\$557,850)	\$551,294	(\$536,712)	\$536,740	(\$524,912)
Capital Outlay	25,149	(25,149)	14,067	(14,067)	10,997	(10,997)
Total Expenses	<u>\$595,339</u>	<u>(\$582,999)</u>	<u>\$565,361</u>	<u>(\$550,779)</u>	<u>\$547,737</u>	<u>(\$535,909)</u>

The dependence upon library and local government support is apparent as over 97 percent of governmental activities are supported through these general receipts for 2007 and 2006.

**ST. MARYS COMMUNITY PUBLIC LIBRARY  
AUGLAIZE COUNTY**

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

**The Library's Funds**

Total governmental funds had receipts of \$562,550 and disbursements of \$595,339 for 2007 and receipts of \$557,889 and disbursements of \$565,361 for 2006. The greatest change within governmental funds occurred within the Memorial Fund for 2006 and the General Fund for 2007. The fund balance of the General Fund decreased \$23,419 in 2007 as the result of increased costs for salaries, benefits and capital purchases, and not achieving anticipated growth in library support fund revenue. The fund balance of the Memorial fund decreased \$3,625 due increased spending for library services.

General Fund receipts were less than disbursements by \$23,419 in 2007 and by \$3,135 in 2006 indicating that the General Fund is in a deficit spending situation. Additional spending for employee handbook review as well as increased utility expenditures occurred in 2007.

**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.

For 2007 and 2006, the differences between final budgeted receipts and actual receipts were not significant.

Final disbursements for 2007 were budgeted at \$608,815 while actual disbursements were \$577,386. Final disbursements for 2006 were budgeted at \$589,613 while actual disbursements were \$562,561. The Library kept spending close to budgeted amounts as demonstrated by the reported variances.

**Current Issues**

The challenge for all libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. We rely heavily on government support. Our newly prepared financial forecast predicts that if local government funding remains as predicted, library spending will remain steady.

**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 Robert Maurer, Clerk-Treasurer, St Marys Community Public Library, 140 S. Chestnut Street, St. Marys, Ohio 45885.

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**ST. MARYS COMMUNITY PUBLIC LIBRARY  
AUGLAIZE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2007**

	<u><b>Governmental Activities</b></u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$128,596
Total Assets	<u>128,596</u>
<b>Net Assets</b>	
<b>Restricted for:</b>	
Capital Projects	1,617
Other Purposes	88,474
Unrestricted	<u>38,505</u>
Total Net Assets	<u>\$128,596</u>

*See accompanying notes to the basic financial statements.*

**ST. MARYS COMMUNITY PUBLIC LIBRARY  
AUGLAIZE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Program Cash Receipts</u>			<b>Net (Disbursements) Receipts and Changes in Net Assets</b>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>				
Library Services	\$570,190	\$11,180	\$1,160	(\$557,850)
Capital Outlay	25,149			(25,149)
<b>Total Governmental Activities</b>	<u>\$595,339</u>	<u>\$11,180</u>	<u>\$1,160</u>	<u>(582,999)</u>

**General Receipts**

Unrestricted Gifts and Contributions	10,566
Grants and Entitlements not Restricted to Specific Programs	532,295
Interest	5,504
Miscellaneous	1,845
	<u>1,845</u>
<b>Total General Receipts</b>	550,210
<b>Change in Net Assets</b>	(32,789)
<b>Net Assets Beginning of Year</b>	<u>161,385</u>
<b>Net Assets End of Year</b>	<u>\$128,596</u>

*See accompanying notes to the basic financial statements.*

**ST. MARYS COMMUNITY PUBLIC LIBRARY  
AUGLAIZE COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2007**

	<u>General</u>	<u>Memorial Fund</u>	<u>Sheets Endowment Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$38,505	\$39,364	\$49,110	\$1,617	\$128,596
Total Assets	<u>38,505</u>	<u>39,364</u>	<u>49,110</u>	<u>1,617</u>	<u>128,596</u>
<b>Fund Balances</b>					
<b>Reserved:</b>					
Reserved for Encumbrances	4,500				4,500
<b>Unreserved:</b>					
Undesignated (Deficit), Reported in:					
General Fund	34,005				34,005
Special Revenue Funds		39,364	49,110		88,474
Capital Projects Funds				1,617	1,617
Total Fund Balances	<u>\$38,505</u>	<u>\$39,364</u>	<u>\$49,110</u>	<u>\$1,617</u>	<u>\$128,596</u>

*See accompanying notes to the basic financial statements.*

**ST. MARYS COMMUNITY PUBLIC LIBRARY  
AUGLAIZE COUNTY**

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

	<u>General</u>	<u>Memorial Fund</u>	<u>Sheets Endowment Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts</b>					
Library and Local Government Support	\$532,295				\$532,295
Patron Fines and Fees	10,970				10,970
Contributions, Gifts and Donations	3,642	\$8,084			11,726
Earnings on Investments	505	1,607	\$3,380	\$12	5,504
Miscellaneous	2,055				2,055
Total Receipts	<u>549,467</u>	<u>9,691</u>	<u>3,380</u>	<u>12</u>	<u>562,550</u>
<b>Disbursements</b>					
Library Services	555,387	14,803			570,190
Capital Outlay	17,499		7,650		25,149
Total Disbursements	<u>572,886</u>	<u>14,803</u>	<u>7,650</u>		<u>595,339</u>
Excess of Receipts Over (Under) Disbursements	<u>(23,419)</u>	<u>(5,112)</u>	<u>(4,270)</u>	<u>12</u>	<u>(32,789)</u>
Net Change in Fund Balances	(23,419)	(5,112)	(4,270)	12	(32,789)
Fund Balances Beginning of Year	<u>61,924</u>	<u>44,476</u>	<u>53,380</u>	<u>1,605</u>	<u>161,385</u>
Fund Balances End of Year	<u>\$38,505</u>	<u>\$39,364</u>	<u>\$49,110</u>	<u>\$1,617</u>	<u>\$128,596</u>

*See accompanying notes to the basic financial statements.*

**ST. MARYS COMMUNITY PUBLIC LIBRARY  
AUGLAIZE COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Cash Receipts</b>				
Library and Local Government Support	\$529,000	\$529,000	\$532,295	\$3,295
Patron, Fines and Fees	11,639	11,639	10,970	(669)
Contributions, Gifts and Donations	1,030	1,030	3,642	2,612
Earnings on Investments	412	412	505	93
Miscellaneous			2,055	2,055
Total Receipts	<u>542,081</u>	<u>542,081</u>	<u>549,467</u>	<u>7,386</u>
<b>Cash Disbursements</b>				
<b>Current:</b>				
Library Services	581,656	590,484	559,887	30,597
Capital Outlay	13,223	18,331	17,499	832
Total Disbursements	<u>594,879</u>	<u>608,815</u>	<u>577,386</u>	<u>31,429</u>
Excess of Receipts (Under) Disbursements	(52,798)	(66,734)	(27,919)	38,815
<b>Other Financing (Uses)</b>				
Other Financing Uses	<u>(20,000)</u>	<u>(7,070)</u>		<u>7,070</u>
Net Change in Fund Balance	(72,798)	(73,804)	(27,919)	45,885
Fund Balance Beginning of Year	52,721	52,721	52,721	
Prior Year Encumbrances Appropriated	<u>9,203</u>	<u>9,203</u>	<u>9,203</u>	
Fund Balance End of Year	<u><u>(\$10,874)</u></u>	<u><u>(\$11,880)</u></u>	<u><u>\$34,005</u></u>	<u><u>\$45,885</u></u>

*See accompanying notes to the basic financial statements.*

**ST. MARYS COMMUNITY PUBLIC LIBRARY  
AUGLAIZE COUNTY**

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

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Cash Receipts</b>				
Contributions, Gifts and Donations	\$2,000	\$2,000	\$8,084	\$6,084
Earnings on Investments			1,607	1,607
Total Receipts	<u>2,000</u>	<u>2,000</u>	<u>9,691</u>	<u>7,691</u>
<b>Cash Disbursements</b>				
<b>Current:</b>				
Library Services	18,000	18,000	14,803	3,197
Total Disbursements	<u>18,000</u>	<u>18,000</u>	<u>14,803</u>	<u>3,197</u>
Excess of Receipts (Under) Disbursements	(16,000)	(16,000)	(5,112)	10,888
Fund Balance Beginning of Year	42,910	42,910	42,910	
Prior Year Encumbrances Appropriated	<u>1,566</u>	<u>1,566</u>	<u>1,566</u>	
Fund Balance End of Year	<u><u>\$28,476</u></u>	<u><u>\$28,476</u></u>	<u><u>\$39,364</u></u>	<u><u>\$10,888</u></u>

*See accompanying notes to the basic financial statements.*

**ST. MARYS COMMUNITY PUBLIC LIBRARY  
AUGLAIZE COUNTY**

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

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Cash Receipts</b>				
Earnings on Investments	\$3,300	\$3,300	\$3,380	\$80
Total Receipts	3,300	3,300	3,380	80
<b>Cash Disbursements</b>				
<b>Current:</b>				
Capital Outlay	8,000	12,143	7,650	4,493
Total Disbursements	8,000	12,143	7,650	4,493
Excess of Receipts (Under) Disbursements	(4,700)	(8,843)	(4,270)	4,573
Fund Balance Beginning of Year	53,380	53,380	53,380	
Prior Year Encumbrances Appropriated				
Fund Balance End of Year	<u>\$48,680</u>	<u>\$44,537</u>	<u>\$49,110</u>	<u>\$4,573</u>

*See accompanying notes to the basic financial statements.*

ST. MARYS COMMUNITY PUBLIC LIBRARY  
AUGLAIZE COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2006

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$161,385
Total Assets	<u>161,385</u>
<b>Net Assets</b>	
<b>Restricted for:</b>	
Capital Projects	1,605
Other Purposes	97,856
Unrestricted	61,924
Total Net Assets	<u>\$161,385</u>

*See accompanying notes to the basic financial statements.*

**ST. MARYS COMMUNITY PUBLIC LIBRARY  
AUGLAIZE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Program Cash Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>
<b>Governmental Activities</b>			<b>Governmental Activities</b>
<b>Library Services:</b>			
Library Services	\$551,294	\$12,357	\$2,225
Capital Outlay	14,067		(\$536,712)
			(14,067)
<b>Total Governmental Activities</b>	<u>\$565,361</u>	<u>\$12,357</u>	<u>\$2,225</u>

**General Receipts**

Unrestricted Gifts and Contributions	4,150
Grants and Entitlements not Restricted to Specific Programs	532,295
Interest	5,261
Miscellaneous	1,601
	<u>1,601</u>
<b>Total General Receipts</b>	<b>543,307</b>
 Change in Net Assets	 (7,472)
 Net Assets Beginning of Year	 <u>168,857</u>
 Net Assets End of Year	 <u><u>\$161,385</u></u>

*See accompanying notes to the basic financial statements.*

**ST. MARYS COMMUNITY PUBLIC LIBRARY  
AUGLAIZE COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2006**

	<u>General</u>	<u>Memorial Fund</u>	<u>Sheets Endowment Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$61,924	\$44,476	\$53,380	\$1,605	\$161,385
Total Assets	<u>61,924</u>	<u>44,476</u>	<u>53,380</u>	<u>1,605</u>	<u>161,385</u>
<b>Fund Balances</b>					
<b>Reserved:</b>					
Reserved for Encumbrances	9,203	1,566			10,769
<b>Unreserved:</b>					
Undesignated (Deficit), Reported in:					
General Fund	52,721				52,721
Special Revenue Funds		42,910	53,380		96,290
Capital Projects Funds				1,605	1,605
Total Fund Balances	<u>\$61,924</u>	<u>\$44,476</u>	<u>\$53,380</u>	<u>\$1,605</u>	<u>\$161,385</u>

*See accompanying notes to the basic financial statements.*

**ST. MARYS COMMUNITY PUBLIC LIBRARY  
AUGLAIZE COUNTY**

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

	<u>General</u>	<u>Memorial Fund</u>	<u>Sheets Endowment Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts</b>					
Library and Local Government Support	\$532,295				\$532,295
Patron Fines and Fees	12,162				12,162
Contributions, Gifts and Donations	3,969	\$2,406			6,375
Earnings on Investments		1,604	\$3,645	\$12	5,261
Miscellaneous	1,796				1,796
Total Receipts	<u>550,222</u>	<u>4,010</u>	<u>3,645</u>	<u>12</u>	<u>557,889</u>
<b>Disbursements</b>					
Library Services	543,659	7,635			551,294
Capital Outlay	9,698		4,369		14,067
Total Disbursements	<u>553,357</u>	<u>7,635</u>	<u>4,369</u>		<u>565,361</u>
Excess of Receipts Over (Under) Disbursements	<u>(3,135)</u>	<u>(3,625)</u>	<u>(724)</u>	<u>12</u>	<u>(7,472)</u>
Net Change in Fund Balances	(3,135)	(3,625)	(724)	12	(7,472)
Fund Balances Beginning of Year	<u>65,059</u>	<u>48,101</u>	<u>54,104</u>	<u>1,593</u>	<u>168,857</u>
Fund Balances End of Year	<u>\$61,924</u>	<u>\$44,476</u>	<u>\$53,380</u>	<u>\$1,605</u>	<u>\$161,385</u>

*See accompanying notes to the basic financial statements.*

**ST. MARYS COMMUNITY PUBLIC LIBRARY  
AUGLAIZE COUNTY**

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

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
<b>Cash Receipts</b>				
Library and Local Government Support	\$529,000	\$529,000	\$532,295	\$3,295
Patron, Fines and Fees	11,639	11,639	12,162	523
Contributions, Gifts and Donations	1,030	1,030	3,969	2,939
Earnings on Investments	412	412		(412)
Miscellaneous			1,796	1,796
Total Receipts	<u>542,081</u>	<u>542,081</u>	<u>550,222</u>	<u>8,141</u>
<b>Cash Disbursements</b>				
Current:				
Library Services	570,548	578,826	552,640	26,186
Capital Outlay	7,000	10,787	9,921	866
Total Disbursements	<u>577,548</u>	<u>589,613</u>	<u>562,561</u>	<u>27,052</u>
Excess of Receipts (Under) Disbursements	(35,467)	(47,532)	(12,339)	35,193
<b>Other Financing (Uses)</b>				
Other Financing Uses	<u>(20,000)</u>	<u>(9,936)</u>		<u>9,936</u>
Net Change in Fund Balance	(55,467)	(57,468)	(12,339)	45,129
Fund Balance Beginning of Year	52,493	52,493	52,493	
Prior Year Encumbrances Appropriated	<u>12,567</u>	<u>12,567</u>	<u>12,567</u>	
Fund Balance End of Year	<u><u>\$9,593</u></u>	<u><u>\$7,592</u></u>	<u><u>\$52,721</u></u>	<u><u>\$45,129</u></u>

*See accompanying notes to the basic financial statements.*

**ST. MARYS COMMUNITY PUBLIC LIBRARY  
AUGLAIZE COUNTY**

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Cash Receipts</b>				
Contributions, Gifts and Donations			\$2,406	\$2,406
Earnings on Investments	\$400	\$400	1,604	1,204
Total Receipts	400	400	4,010	3,610
<b>Cash Disbursements</b>				
<b>Current:</b>				
Library Services	17,028	17,028	9,201	7,827
Total Disbursements	17,028	17,028	9,201	7,827
Excess of Receipts (Under) Disbursements	(16,628)	(16,628)	(5,191)	11,437
Fund Balance Beginning of Year	48,036	48,036	48,036	
Prior Year Encumbrances Appropriated	65	65	65	
Fund Balance End of Year	<u>\$31,473</u>	<u>\$31,473</u>	<u>\$42,910</u>	<u>\$11,437</u>

*See accompanying notes to the basic financial statements.*

**ST. MARYS COMMUNITY PUBLIC LIBRARY  
AUGLAIZE COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Cash Receipts</b>				
Earnings on Investments	\$800	\$800	\$3,645	\$2,845
Total Receipts	800	800	3,645	2,845
<b>Cash Disbursements</b>				
<b>Current:</b>				
Library Services	8,000	8,000	4,369	3,631
Total Disbursements	8,000	8,000	4,369	3,631
Excess of Receipts (Under) Disbursements	(7,200)	(7,200)	(724)	6,476
Fund Balance Beginning of Year	54,104	54,104	54,104	
Prior Year Encumbrances Appropriated				
Fund Balance End of Year	<u>\$46,904</u>	<u>\$46,904</u>	<u>\$53,380</u>	<u>\$6,476</u>

*See accompanying notes to the basic financial statements.*

**ST. MARYS COMMUNITY PUBLIC LIBRARY  
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

**1. DESCRIPTION OF THE LIBRARY AND REPORTING ENTITY**

The St. Marys Community Public Library (the Library) was organized as a school district public library during 1935 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the St. Marys City Schools Board of Education. 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 the Board of Education, although the Board of Education 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 Board of Education 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 Board of Education.

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 St. Marys City School District.

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 financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of 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.

The Library participates in two public entity risk pools. Note 9 to the financial statements provide additional information for these entities. These organizations are:

Mercer Auglaize Schools Employee Benefit Trust  
Ohio Library Council Association Worker's Compensation Group Rating Plan (GRP)

The Friends of the St. Marys Community 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. 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.

**ST. MARYS PUBLIC LIBRARY  
AUGLAIZE COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, the financial statements of the Ohio 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.

**A. Basis of Presentation**

The Library's basic financial statements consist of government-wide 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.

**1. 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 taxes, intergovernmental receipts and other non-exchange transactions.

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 with 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support 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.

**2. Fund Financial Statements**

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order 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. Non-major 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. The Library's funds are all classified as governmental.

**ST. MARYS PUBLIC LIBRARY  
AUGLAIZE COUNTY**

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

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

**1. Governmental Funds**

Governmental funds are financed primarily from intergovernmental receipts (e.g. grants) and other no-exchange transactions. 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.

**Sheets Endowment Fund** – This Fund began with a donation from the Mary and Joseph Sheets estate and continues to receive interest for the purpose of construction and equipping the new library building.

**Memorial Fund** – This Fund began with contributions from community members for the purpose of purchasing books and materials for the library.

The other governmental funds of the Library account for 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 when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

**D. Budgetary Process**

All 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 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 forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

**ST. MARYS PUBLIC LIBRARY  
AUGLAIZE COUNTY**

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

**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 with original maturities of three months or less at the time they are purchased and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts (contra revenue), respectively.

During 2007, the library invested in STAR Ohio and repurchase agreements. During 2006, investments were limited to STAR Ohio. Repurchase agreements are reported at cost. 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 provisions of the Ohio Revised Code. Interest receipts credited to the General Fund during 2007 and 2006 were \$505 and \$0, respectively.

**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. Restricted assets represent donations made for a specific purpose. There were no net assets at December 31, 2007 and 2006 restricted by enabling legislation.

**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.

**ST. MARYS PUBLIC LIBRARY  
AUGLAIZE COUNTY**

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

**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. 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 other purposes include resources restricted for resources restricted for Library expansion and book purchases.

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.

**L. Fund Balance Reserves**

The Library reserves any portion of fund balances which 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.

**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 Cash Receipts, Cash Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund, the Memorial Fund, and Sheets Endowment Fund are 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 outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at December 31, 2007 (budgetary basis) amounted to \$4,500 for the General Fund. The encumbrances outstanding at December 31, 2006 (budgetary Basis) amounted to \$9,203 for the General Fund and \$1,566 for the Memorial Fund.

**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 Board has 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.

**ST. MARYS PUBLIC LIBRARY  
AUGLAIZE COUNTY**

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

**4. DEPOSITS AND INVESTMENTS (Continued)**

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 two 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.

**A. Deposits**

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.

**ST. MARYS PUBLIC LIBRARY  
AUGLAIZE COUNTY**

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

**4. DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments**

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

	<b>Fair Value</b>	<b>Less than 1 Year</b>
STAR Ohio	\$105,313	\$105,313

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

	<b>Fair Value</b>	<b>Less than 1 Year</b>
STAR Ohio	\$108,419	\$108,419

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library's investment policy does not address interest rate risk.

Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2% and be marked to market daily.

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.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**5. RISK MANAGEMENT**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2007 and 2006, the Library contracted with several companies for various types of insurance coverage as follows:

<b>Type of Coverage</b>	<b>Coverage</b>
Commercial Property	\$2,300,000
General Liability	\$1,000,000
Errors and Omissions	\$1,000,000
Library Officials	\$1,000,000

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.

**ST. MARYS PUBLIC LIBRARY  
AUGLAIZE COUNTY**

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

**6. DEFINED BENEFIT PENSION PLAN**

**A. Plan Description**

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.

**B. Funding Policy**

The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll, while for the year ended December 31, 2006, members contributed 9 percent of covered payroll.

The Library's contribution rate for 2007 and 2006 was 13.85 and 13.7 percent respectively of covered payroll. For the period January 1, through December 31, 2006, a portion of the Library's contribution equal to 4.5 percent of covered payroll was allocated to fund the post-employment healthcare plan; for the period January 1, through June 30, 2007 this amount was 5 percent and it increased to 6 percent for the period July 1, 2007 through December 31, 2007. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Library of 14 percent.

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 \$39,906, \$38,055, and \$26,074 respectively. The full amount has been contributed for 2007, 2006 and 2005.

**7. POST-EMPLOYMENT BENEFITS**

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit post-employment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

**ST. MARYS PUBLIC LIBRARY  
AUGLAIZE COUNTY**

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

**7. POST-EMPLOYMENT BENEFITS (Continued)**

To qualify for post-employment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

**8. BOND ISSUE**

The St. Marys City School District serves as the taxing authority and has issued tax related debt on behalf of the Library. On June 1, 2000, \$999,900 in bonds were issued for the construction of an addition to the existing community library. The bonds were issued for a period of ten years with final maturity on December 1, 2010. The redemption of the bonds is being handled through a Bond Retirement Debt Service Fund by the School District.

**9. PUBLIC ENTITY RISK POOL**

**A. Worker's Compensation**

The Library participates in the Ohio Library Council Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the Library by virtue of its grouping and representation with other participants of the GRP. The worker's compensation experience of the participating libraries is calculated as one experience and a common premium rate is applied to all libraries in the GRP.

Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. Participation in the GRP is limited to libraries that can meet the GRP's selection criteria. The firm of Gates McDonald and Company provides administrative, cost control, and actuarial services to the GRP.

**B. Health Benefit Trust**

The Mercer Auglaize Employee Benefit Trust (the Trust) is a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and dental benefits to the employees of the participants. Each participant's superintendent is appointed to an Administrative Committee which advises the Trustee, Sky Bank, concerning aspects of the administration of the Trust.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from James Mauntler: Schmidt, Long, and Associates, Inc. 4159 Holland-Sylvania Road, Suite 103, Toledo, Ohio 43623.

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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*

St. Marys Community Public Library  
Auglaize County  
140 S. Chestnut Street  
St. Marys, Ohio 45885

To the Board of Trustees:

We have audited the financial statements of the St. Marys Community Public Library, Auglaize County, (the Library) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 30, 2008, wherein we noted the Library uses a comprehensive accounting basis other than generally accepted accounting principles. 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 certain matters that we reported to the Library's management in a separate letter dated June 30, 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 did note certain noncompliance that we reported to the Library's management in a separate letter dated June 30, 2008.

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

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

**Mary Taylor, CPA**  
Auditor of State

June 30, 2008

**ST. MARYS COMMUNITY PUBLIC LIBRARY  
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2004-001	Noncompliance with Board Policy regarding carryover of vacation accrual and compensatory time.	Yes	





**Mary Taylor, CPA**  
Auditor of State

**ST. MARYS COMMUNITY PUBLIC LIBRARY**

**AUGLAIZE 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  
AUGUST 5, 2008**