

DORCAS CAREY PUBLIC LIBRARY
WYANDOT COUNTY
REPORT ON FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006



Mary Taylor, CPA

Auditor of State

Board of Trustees
Dorcas Carey Public Library
236 East Findlay Street
Carey, Ohio 43316

We have reviewed the *Independent Auditors' Report* of the Dorcas Carey Public Library, Wyandot County, prepared by Holbrook & Manter, for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Dorcas Carey Public Library is responsible for compliance with these laws and regulations.

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Mary Taylor, CPA
Auditor of State

August 21, 2008

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TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	3-4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006.....	6
Notes to the Financial Statements.....	7-10
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11-12
Schedule of Findings.....	13



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Dorcas Carey Public Library
Wyandot County

We have audited the accompanying financial statements of the Dorcas Carey Public Library, Wyandot County, Ohio, (the Library) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State of Ohio prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

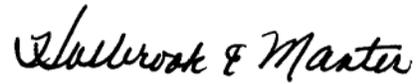
Instead of the combined funds the accompanying financial statements present for 2007 and 2006, GAAP requires presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require, governments to reformat their statements. The Library has elected not to reformat its statements. Since this Library does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State of Ohio permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Dorcas Carey Public Library, Wyandot County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 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.

The image shows a handwritten signature in black ink that reads "Shullbrook & Manton". The signature is written in a cursive, flowing style.

Certified Public Accountants

June 27, 2008

**DORCAS CAREY PUBLIC LIBRARY
WYANDOT COUNTY**

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

	Governmental Fund Types		Total (Memorandum Only)
	General	Capital Projects	
Cash receipts:-			
Library local government support	\$ 325,593	\$ 0	\$ 325,593
Patrons fines and fees	16,108	0	16,108
Earnings on investments	15,640	0	15,640
Contributions, gifts and donations	12,880	0	12,880
Other receipts	0	0	0
Total cash receipts	370,221	0	370,221
Cash disbursements:-			
Current:-			
Salaries	198,092	0	198,092
Employee fringe benefits	68,848	0	68,848
Purchased and contracted services	41,645	0	41,645
Library materials	47,490	0	47,490
Supplies	10,766	0	10,766
Other objects	9,898	0	9,898
Capital outlay	18,878	44,987	63,865
Total cash disbursements	395,617	44,987	440,604
Total receipts over (under) cash disbursements	(25,396)	(44,987)	(70,383)
Other financing receipts (disbursements):-			
Transfers-in	0	0	0
Transfers-out	0	0	0
Total other financing receipts (disbursements)	0	0	0
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	(25,396)	(44,987)	(70,383)
Fund cash balances, January 1, 2007	163,474	219,702	383,176
Fund cash balances, December 31, 2007	\$ 138,078	\$ 174,715	\$ 312,793

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

DORCAS CAREY PUBLIC LIBRARY
WYANDOT COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash receipts:-			
Library local government support	\$ 337,199	\$ 0	\$ 337,199
Patrons fines and fees	11,504	0	11,504
Earnings on investments	11,168	0	11,168
Contributions, gifts and donations	56,274	0	56,274
Other receipts	0	0	0
Total cash receipts	416,145	0	416,145
Cash disbursements:-			
Current:-			
Salaries	192,849	0	192,849
Employee fringe benefits	62,035	0	62,035
Purchased and contracted services	42,140	0	42,140
Library materials	42,234	0	42,234
Supplies	9,743	0	9,743
Other objects	12,306	0	12,306
Capital outlay	5,755	9,377	15,132
Total cash disbursements	367,062	9,377	376,439
Total receipts over (under) cash disbursements	49,083	(9,377)	39,706
Other financing receipts (disbursements):-			
Transfers-in	0	0	0
Transfers-out	0	0	0
Total other financing receipts (disbursements)	0	0	0
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	49,083	(9,377)	39,706
Fund cash balances, January 1, 2006	114,391	229,079	343,470
Fund cash balances, December 31, 2006	\$ 163,474	\$ 219,702	\$ 383,176

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

DORCAS CAREY PUBLIC LIBRARY
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

- A. **Description of the Entity** - The Dorcas Carey Public Library, Wyandot County, Ohio, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Carey Exempted Village School District Board of Education. The Library provides the community with various educational and literary resources.

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

- B. **Basis of Accounting** - These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

- C. **Cash and Investments** - The Library maintains its cash deposits in an interest-bearing checking account and certificates of deposit. The Library's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Library reports gains or losses at the time of sale as receipts or disbursements, respectively. The Library values certificates of deposit at cost.

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

General Fund

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

Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects.

- E. **Budgetary Process** - The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control, and appropriations may not exceed estimated resources. The Library's Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and subsequent amendments. Unencumbered appropriations lapse at year-end.

**DORCAS CAREY PUBLIC LIBRARY
 WYANDOT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2007 AND 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources and amendments.

Encumbrances

The Ohio Revised Code requires the Library to reserve (encumber) appropriations when commitments are made.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

- F. Property, Plant and Equipment** - Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS:-

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

	2007	2006
Demand deposits	\$ 76,496	\$ 117,495
Certificates of deposit	190,277	219,661
Cash on hand	20	20
Investments - stock	46,000	46,000
Total fund cash balances	\$ 312,793	\$ 383,176

Deposits - The Library's deposits are either insured by the Federal Depository Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Library, or collateralized by the financial institution's public entity deposit pool.

Investments - During 2006, stock was donated to the Library and is recorded at the market value at the time of the donation. Actual gain or loss will be recorded at time of sale.

DORCAS CAREY PUBLIC LIBRARY
WYANDOT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2007 AND 2006

NOTE 3 - BUDGETARY ACTIVITY :-

Budgetary activity for the years ending December 31, 2007 and 2006 was as follows:

2007 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 361,738	\$ 370,221	\$ 8,483
Capital projects	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 361,738</u>	<u>\$ 370,221</u>	<u>\$ 8,483</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 468,211	\$ 395,617	\$ 72,594
Capital projects	<u>219,702</u>	<u>44,987</u>	<u>174,715</u>
Total	<u>\$ 687,913</u>	<u>\$ 440,604</u>	<u>\$ 247,309</u>

2006 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 353,105	\$ 416,145	\$ 63,040
Capital projects	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 353,105</u>	<u>\$ 416,145</u>	<u>\$ 63,040</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 451,496	\$ 367,062	\$ 84,434
Capital projects	<u>229,079</u>	<u>9,377</u>	<u>219,702</u>
Total	<u>\$ 680,575</u>	<u>\$ 376,439</u>	<u>\$ 304,136</u>

**DORCAS CAREY PUBLIC LIBRARY
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 4 - LIBRARY LOCAL GOVERNMENT SUPPORT:-

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated to each county based on the county's prior intangibles tax of LLGSF revenues and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

NOTE 5 - RETIREMENT SYSTEMS:-

The Library's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants, as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. For 2007 and 2006, the Library's employees contributed 9.5% and 9.0% of their gross salaries, respectively. The Library contributed an amount equal to 13.85% and 13.70% of participants' gross salaries for 2007 and 2006, respectively. The Library has paid all contributions required through December 31, 2007.

NOTE 6 - RISK MANAGEMENT:-

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions.



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Board of Trustees
Dorcas Carey Public Library
Wyandot County

We have audited the financial statements of the Dorcas Carey Public Library, Wyandot County, (the Library) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 27, 2008, wherein we noted the Library followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we do not express an opinion 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 the normal course of 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.

We consider the deficiencies described in the accompanying schedule of findings as items 2007-001 and 2007-002 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Library's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting as described above that we consider material weaknesses.

We also noted certain internal control matters that we reported to the Library's management in a separate letter dated June 27, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Library's management in a separate letter dated June 27, 2008.

The Library's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Library's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Board of Trustees, and the Auditor of State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

June 27, 2008

**DORCAS CAREY PUBLIC LIBRARY
 WYANDOT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2007 AND 2006**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
 REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number	2007-001
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Significant Deficiency – Internal Control and Review Procedures

Although the Board receives and reviews a select number of reports from the Treasurer of the Library for approval on a monthly basis, the Library has not established formal procedures to reasonably assure completeness and accuracy of the monthly reporting. During our testing and analysis, we noted that the Board of Trustees is not reviewing the numerical check sequence prior to signing the checks. In addition, they are not reviewing the bank statement for proper inclusion of authorized expenditures within the cancelled checks or electronic fund withdraws.

The Library should carefully review this information and make appropriate inquiries to help determine the integrity of the financial information. When performing such review, the trustees’ signatures or initials and the date should be affixed to the documents examined and it should be noted in the monthly minutes that the trustees’ thoroughly reviewed and approved those documents. In addition, we also recommend that the numerical check sequence be noted in the minutes and signed off of by the Board each month.

Officials’ Response

The Treasurer will continue to provide the bank reconciliations and bank statements to the Trustees for their review and approval at each months meeting. The Library will also document and approve the review of those reports and the numerical sequence of the checks within the monthly minutes.

Finding Number	2007-002
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Significant Deficiency – Receipt of Stock Donation

Ohio Compliance Supplement 5-1 Article VIII, Sections 4 and 6 of the Ohio Constitution prohibits public bodies from becoming a stockholder in any joint stock company, corporation or association. However, the Ohio Revised Code doesn’t specifically prohibit a government from holding stock that was donated to the Government.

The Library received a stock donation of 1,000 shares of Cincinnati Financial Corporation common stock on October 30, 2006. The value of the stock was not recorded at the time of receipt and resulted in an audit adjustment. We recommend that the Library record the donation of any stock at the time the stock is received so that the financial statements are accurately presented.

Officials’ Response

The Treasurer is now aware of the reporting requirements of donated stock and will record these at the time of receipt in the future.



Mary Taylor, CPA
Auditor of State

DORCAS CAREY PUBLIC LIBRARY

WYANDOT 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
SEPTEMBER 2, 2008**