

**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

AUDIT REPORT

JANUARY 1, 2008 – DECEMBER 31, 2009

**Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701**



Mary Taylor, CPA

Auditor of State

Board of Trustees
Carroll County District Library
70 Second Street NE
Carrollton, Ohio 44615

We have reviewed the *Independent Auditors' Report* of the Carroll County District Library, Carroll County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2008 through December 31, 2009. 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.

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 Carroll County District Library is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA
Auditor of State

June 30, 2010

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**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

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**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Carroll County District Library
Carroll County
70 Second Street NE
Carrollton, Ohio 44615

We have audited the accompanying financial statements of the governmental activities, major funds and aggregate remaining fund information of Carroll County District Library, Carroll County as of and for the years ended December 31, 2009 and 2008, which collectively comprised the Library's basic financial statements. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 2, the Library has prepared these financial statements and notes using the cash basis of accounting. 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 financial position-cash basis of the governmental activities, major funds and the aggregate remaining fund information of Carroll County District Library, Carroll County, as of December 31, 2009 and 2008, and the respective changes in financial position-cash basis and the respective budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 14, 2010, on our consideration of Carroll County District Library's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering 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 Government 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.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
May 14, 2010

***CARROLL COUNTY DISTRICT LIBRARY, CARROLL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED***

This discussion and analysis of the Carroll County District Library's financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2009 and 2008, within the limitations of the Library's cash basis accounting. The intent of this discussion and analysis is to look at the Library's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2009 and 2008 are as follows:

Net assets of governmental activities decreased by \$78,708 or 10% in 2009 and Net assets decreased by \$72,193 or 8% in 2008.

The Library completed the building expansion in 2008.

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 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. The statement of cash basis assets and fund balances, and the statement of cash receipts, disbursements and changes in fund cash balances, present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic 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.

**CARROLL COUNTY DISTRICT LIBRARY, CARROLL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

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 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 expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government as a Whole

The statements of net assets and statements of activities for 2009 and 2008 reflect how the Library did financially within the limitations of the cash basis of accounting. The statement of net assets present 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. Program receipts include charges paid by the recipient of the programs services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and 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 nonfinancial factors as well such as the Library's tax base, the condition of the Library's capital assets and infrastructure, the extent of the Library's debt obligations, and the need for continued growth in the major local revenue sources such as Library and Local Government Support Fund (LLGSF).

In the statement of net assets and the statement of activities, we divide the government into governmental activities. All of the Library's basic services are reported here, including library public services, purchased and contracted services, and library materials and information and capital outlay. LLGSF finances most of these activities. Benefits provided through governmental activities are not necessarily paid for the people receiving them.

**CARROLL COUNTY DISTRICT LIBRARY, CARROLL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

Reporting the Government'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 - All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds for 2009 and 2008 is the General Fund. The programs reported in governmental funds are related to those reported in the governmental activities section of the entity-wide statements. There are no reconciliations between the two reports as the Library reports on the cash basis.

The Government as a Whole

Table 1 provides a summary of the Library's net assets for 2009 compared to 2008 and 2007 on the cash basis:

Table 1
NET ASSETS

	<u>Governmental Activities</u>		
	<u>2009</u>	<u>2007</u>	<u>2008</u>
Assets			
Cash	\$ 714,081	\$ 792,789	\$ 864,982
Total Assets	<u>714,081</u>	<u>792,789</u>	<u>864,982</u>
Net Assets			
Restricted for:			
Capital Projects	9,096	9,096	8,971
Other Purposes	10,498	11,688	70,855
Unrestricted	694,487	772,005	785,157
Total Net Assets	<u>\$ 714,081</u>	<u>\$ 792,789</u>	<u>\$ 864,982</u>

**CARROLL COUNTY DISTRICT LIBRARY, CARROLL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
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Table 2 reflects the changes in net assets in 2009 and 2008 and 2007

Table 2
CHANGES IN NET ASSETS

	Governmental Activities		
	2009	2008	2007
Receipts:			
Program Receipts:			
Charges for Services	\$ 31,628	\$ 27,976	\$ 26,463
Total Program Receipts	31,628	27,976	26,463
General Receipts:			
Unrestricted Gifts and Contributions	6,025	1,730	159,047
Grants and Entitlements	586,855	713,951	725,663
Earnings on Investments	5,508	13,740	83,732
Miscellaneous	2,728	16,287	64,419
Total General Receipts	601,116	745,708	1,032,861
Total Receipts	632,744	773,684	1,059,324
Disbursements:			
Library Services	710,278	791,136	773,841
Other	174	17	722,522
Capital Outlay	1,000	54,724	-
Total Disbursements	711,452	845,877	1,496,364
Increase/(Decrease) In Net Assets	(78,708)	(72,193)	(437,039)
Net Assets, January 1	792,789	864,982	1,302,021
Net Assets, December 31	\$ 714,081	\$ 792,789	\$ 864,982

Program receipts represent 4%, 4% and 2% of total receipts for 2009, 2008 and 2007, respectively. They are primarily comprised of patron fines, fees and contributions.

General receipts represent 96%, 96% and 98% of the Library's total receipts for 2009, 2008 and 2007, respectively. LLGSF monies represent 99%, 94% and 52% of the general receipts. Property taxes make up the balance of general receipts. Other receipts are insignificant and somewhat unpredictable receipt sources.

Disbursements for library services represent the actual library operations provided to the general public and the support services represent administrative and building costs.

**CARROLL COUNTY DISTRICT LIBRARY, CARROLL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by Carroll County District Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Library Services., which account for 99% and 94% of all governmental disbursements for 2009 and 2008 respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. 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 service and the net cost for 2009 and 2008 is presented in Table 3.

TABLE 3

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
Library Services	\$ 710,278	\$ 678,650	\$ 791,136	\$ 763,160
Other	174	174	17	17
Capital Outlay	1,000	1,000	54,724	54,724
Total Expenses	<u>\$ 711,452</u>	<u>\$ 679,824</u>	<u>\$ 845,877</u>	<u>\$ 817,901</u>

The dependence upon LLGSF monies is apparent as over 86% and 87% for 2009 and 2008 of governmental activities are supported through these general receipts.

The Government's Funds

Total governmental funds had receipts of \$632,744 and \$787,086 for 2009 and 2008 and disbursements of \$711,452 and \$899,279 for 2009 and 2008, respectively.

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 and disbursements. The most significant budgeted fund is the General Fund.

During 2009 and 2008, the Library made amendments to its appropriation budget and receipts budget to reflect changing circumstances. For 2009 and 2008 actual receipts were greater than budgeted receipts. The Library budgets conservatively for LLGSF due to uncertainty of future cuts from that funding source.

Final budgeted disbursements for 2009 and 2008 were \$1,362,728 and \$1,467,266, respectively. Actual disbursements for 2009 and 2008 were \$706,534 and \$846,656, respectively. The Library kept spending close to budgeted amounts.

***CARROLL COUNTY DISTRICT LIBRARY, CARROLL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED***

Capital Assets and Debt Administration

Capital Assets

The Library does not currently keep track of its capital assets and infrastructure in the accompanying financial statements, but records payments for capital assets as disbursements.

Debt

As of December 31, 2009, the Library had no outstanding debt..

Contacting the Government'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 Bianca Love, Fiscal Officer, 70 Second Street NE, Carrollton, Ohio 44615.

**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

**STATEMENT OF NET ASSETS- CASH BASIS
December 31, 2009**

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 714,081</u>
Total Assets	<u>\$ 714,081</u>
NET ASSETS:	
Restricted for:	
Capital Projects	9,096
Other Purposes	10,498
Unrestricted	<u>694,487</u>
Total Net Assets	<u><u>\$ 714,081</u></u>

See notes to basic financial statements.

**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets
Governmental Activities:					
Library Services	\$ 710,278	\$ 31,628	\$ -	\$ -	\$ (678,650)
Other	174	-	-	-	(174)
Capital Outlay	1,000	-	-	-	(1,000)
Total Governmental Activities	\$ 711,452	\$ 31,628	\$ -	\$ -	\$ (679,824)

General Receipts:

Unrestricted Gifts and Contributions	6,025
Grants and Entitlements not Restricted to Specific Programs	586,855
Earnings on Investments	5,508
Miscellaneous	2,728
Total General Receipts	601,116
Change in Net Assets	(78,708)
Net Assets Beginning of Year	792,789
Net Assets End of Year	\$ 714,081

See notes to the basic financial statements.

**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2009**

	General	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Equity in Pooled Cash and cash Equivalents	\$ 694,487	\$ 19,594	\$ 714,081
Total Assets	\$ 694,487	\$ 19,594	\$ 714,081
 Fund Balances:			
Reserved:			
Reserved for Encumbrances	1,272	-	1,272
Unreserved:			
General Fund	693,215	-	693,215
Special Revenue Fund	-	10,498	10,498
Debt Service Fund	-	-	-
Capital Projects Fund	-	9,096	9,096
Permanent Fund	-	-	-
Total Fund Balances	\$ 694,487	\$ 19,594	\$ 714,081

See notes to basic financial statements.

**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2009**

	General	Other Governmental Funds	Total Governmental Funds
CASH RECEIPTS			
Public Library	\$ 586,855	\$ -	\$ 586,855
Patron Fines and Fees	31,628	-	31,628
Contributions, Gifts and Donations	1,025	5,000	6,025
Earnings on Investments	5,508	-	5,508
Miscellaneous	2,728	-	2,728
	627,744	5,000	632,744
CASH DISBURSEMENTS:			
Current:			
Library Services	704,088	6,190	710,278
Capital Outlay	1,000	-	1,000
	705,088	6,190	711,278
Total Disbursements	705,088	6,190	711,278
Excess of Receipts Over (Under) Disbursements	(77,344)	(1,190)	(78,534)
Other Financing Sources (Uses)			
Other Financing Uses	(174)	-	(174)
Total Other Financing Sources (Uses)	(174)	-	(174)
Net Change in Fund Cash Balance	(77,518)	(1,190)	(78,708)
Cash Fund Balances Beginning of Year	772,005	20,784	792,789
Cash Fund Balances End of Year	\$ 694,487	\$ 19,594	\$ 714,081

See notes to basic financial statements.

**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Public Library	\$ 584,250	\$ 584,250	\$ 586,855	\$ 2,605
Patron Fines and Fees	17,500	17,500	31,628	14,128
Contributions, Gifts and Donations	200	200	1,025	825
Earnings on Investments	5,000	5,000	5,508	508
Miscellaneous	150	150	2,728	2,578
Total Receipts	<u>607,100</u>	<u>607,100</u>	<u>627,744</u>	<u>20,644</u>
CASH DISBURSEMENTS:				
Current:				
Library Services	1,049,341	1,049,341	705,360	343,981
Capital Outlay	283,250	283,250	1,000	282,250
Total Disbursements	<u>1,332,591</u>	<u>1,332,591</u>	<u>706,360</u>	<u>626,231</u>
Excess of Receipts Over (Under) Disbursements	(725,491)	(725,491)	(78,616)	646,875
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Other Financing Uses	(30,137)	(30,137)	(174)	29,963
Total Other Financing Sources (Uses)	<u>(30,137)</u>	<u>(30,137)</u>	<u>(174)</u>	<u>29,963</u>
Net Change in Cash Fund Balance	(755,628)	(755,628)	(78,790)	676,838
Cash Fund Balances Beginning of Year	765,462	765,462	765,462	-
Prior Year Encumbrances Appropriated	<u>6,543</u>	<u>6,543</u>	<u>6,543</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 16,377</u>	<u>\$ 16,377</u>	<u>\$ 693,215</u>	<u>\$ 676,838</u>

See notes to basic financial statements.

**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

**STATEMENT OF NET ASSETS- CASH BASIS
December 31, 2008**

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 792,789</u>
Total Assets	<u>\$ 792,789</u>
NET ASSETS:	
Restricted for:	
Capital Projects	9,096
Other Purposes	11,688
Unrestricted	<u>772,005</u>
Total Net Assets	<u><u>\$ 792,789</u></u>

See notes to basic financial statements.

**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Cash</u>	<u>Charges for</u>	<u>Operating</u>	<u>Capital Grants</u>	<u>Net</u>
	<u>Disbursements</u>	<u>Services</u>	<u>Grants and</u>	<u>and</u>	<u>(Disbursements)</u>
Governmental Activities:		<u>and Sales</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Receipts and</u>
					<u>Changes in</u>
					<u>Net Assets</u>
Library Services	\$ 791,136	\$ 27,976	\$ -	\$ -	\$ (763,160)
Other	17	-	-	-	(17)
Capital Outlay	54,724	-	-	-	(54,724)
Total Governmental Activities	<u>\$ 845,877</u>	<u>\$ 27,976</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (817,901)</u>

General Receipts:

Unrestricted Gifts and Contributions	1,730
Grants and Entitlements not Restricted to Specific Programs	713,951
Earnings on Investments	13,740
Miscellaneous	<u>16,287</u>
Total General Receipts	<u>745,708</u>
Change in Net Assets	(72,193)
Net Assets Beginning of Year	<u>864,982</u>
Net Assets End of Year	<u>\$ 792,789</u>

See notes to the basic financial statements.

**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2008**

	General	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Equity in Pooled Cash and cash Equivalents	\$ 772,005	\$ 20,784	\$ 792,789
Total Assets	\$ 772,005	\$ 20,784	\$ 792,789
 Fund Balances:			
Reserved:			
Reserved for Encumbrances	6,543	-	6,543
Unreserved:			
General Fund	765,462	-	765,462
Special Revenue Fund	-	11,688	11,688
Debt Service Fund	-	-	-
Capital Projects Fund	-	9,096	9,096
Permanent Fund	-	-	-
Total Fund Balances	\$ 772,005	\$ 20,784	\$ 792,789

See notes to basic financial statements.

**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2008**

	General	Other Governmental Funds	Total Governmental Funds
CASH RECEIPTS			
Public Library	\$ 713,951	\$ -	\$ 713,951
Patron Fines and Fees	27,976	-	27,976
Contributions, Gifts and Donations	1,705	25	1,730
Earnings on Investments	13,740	-	13,740
Miscellaneous	16,187	100	16,287
	<u>773,559</u>	<u>125</u>	<u>773,684</u>
Total Receipts			
CASH DISBURSEMENTS:			
Current:			
Library Services	785,372	5,764	791,136
Capital Outlay	54,724	-	54,724
	<u>840,096</u>	<u>5,764</u>	<u>845,860</u>
Total Disbursements			
Excess of Receipts Over (Under) Disbursements	(66,537)	(5,639)	(72,176)
Other Financing Sources (Uses)			
Transfers In	53,402	-	53,402
Transfers Out	-	(53,402)	(53,402)
Other Financing Uses	(17)	-	(17)
	<u>53,385</u>	<u>(53,402)</u>	<u>(17)</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Cash Balance	(13,152)	(59,041)	(72,193)
Cash Fund Balances Beginning of Year	<u>785,157</u>	<u>79,825</u>	<u>864,982</u>
Cash Fund Balances End of Year	<u>\$ 772,005</u>	<u>\$ 20,784</u>	<u>\$ 792,789</u>

See notes to basic financial statements.

**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Public Library	\$ 700,000	\$ 700,000	\$ 713,951	\$ 13,951
Patron Fines and Fees	14,500	14,500	27,976	13,476
Contributions, Gifts and Donations	200	200	1,705	1,505
Earnings on Investments	10,000	10,000	13,740	3,740
Miscellaneous	150	150	16,187	16,037
Total Receipts	<u>724,850</u>	<u>724,850</u>	<u>773,559</u>	<u>48,709</u>
CASH DISBURSEMENTS:				
Current:				
Library Services	1,002,266	1,002,266	791,915	210,351
Capital Outlay	275,000	275,000	54,724	220,276
Total Disbursements	<u>1,277,266</u>	<u>1,277,266</u>	<u>846,639</u>	<u>430,627</u>
Excess of Receipts Over (Under) Disbursements	(552,416)	(552,416)	(73,080)	479,336
Other Financing Sources (Uses)				
Transfers In	-	-	53,402	53,402
Other Financing Uses	(190,000)	(190,000)	(17)	189,983
Total Other Financing Sources (Uses)	<u>(190,000)</u>	<u>(190,000)</u>	<u>53,385</u>	<u>243,385</u>
Net Change in Cash Fund Balance	(742,416)	(742,416)	(19,695)	722,721
Cash Fund Balances Beginning of Year	775,891	775,891	775,891	-
Prior Year Encumbrances Appropriated	<u>9,266</u>	<u>9,266</u>	<u>9,266</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 42,741</u>	<u>\$ 42,741</u>	<u>\$ 765,462</u>	<u>\$ 722,721</u>

See notes to basic financial statements.

**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF THE LIBRARY AND REPORTING ENTITY

The Carroll County District Library, Carroll County was organized as a county public library under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Carroll County Commissioners and the Carroll County Court of Common Pleas. 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 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.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations 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's management believes these financial statements present all activities for which the Library is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2, the financial statements of the Carroll County District Library are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements, in which case GASB prevails. Following are more of the Library's accounting policies.

A. Basis of Presentation

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

**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, except for fiduciary funds. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or service. The Library has no business-type activities.

The statement of net assets present 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 programs 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 is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Library's general receipts.

Fund Financial Statements

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

Fund Accounting

The Library uses fund accounting 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.

Governmental Funds

Governmental Funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The Library's major governmental funds for 2009 and 2008 are the General Fund. The General Fund is used to account 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. The other governmental funds of the Library account for grants and other resources whose use is restricted to a particular purpose.

**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Any such modifications made by the Library are described in the appropriate section in this note. There were no modifications having substantial support.

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

Budgetary Process

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

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

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot 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.

**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

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, respectively.

During 2009 and 2008, investments were limited to a money market savings account and nonnegotiable certificates of deposit. Except for the money market savings account these investments are recorded at cost.

The Library's money market savings account is recorded at amounts reported by PNC Bank.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund during 2009 and 2008 amounted to \$5,508 and \$13,740, respectively..

Restricted Assets

Cash and cash equivalents 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 capital projects and other purposes.

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.

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.

**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Receivables/Payables

The Library reports advances-in and advances-out for interfund loan. These items are not reflected as assets and liabilities in the accompanying financial statements.

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.

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 Note 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

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

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.

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.

Fund Balance Reserve

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 balances indicate that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide statements, transfers within governmental activities are eliminated.

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance-Budget and Actual-Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparisons of actual results with the budget. The differences 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 year end (budgetary basis) amounted to \$1,272 for the General Fund in 2009 and \$6,543 for the General Fund in 2008. There were no outstanding advances for either year.

4. DEPOSITS

Monies held by the Library are classified by State 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, including negotiable order of withdrawal (NOW) accounts.

Inactive deposits are public deposits that the Library 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.

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.

**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

4. DEPOSITS (Continued)

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 issuance of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligation 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 obligation 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.

The Library had \$200 in undeposited cash in hand for 2009 and 2008, respectively, which is included as part of "Equity in Pooled cash and Cash Equivalents" on the financial statements.

**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

4. DEPOSITS (Continued)

Deposits:

Custodial credit risk is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are the possession of an outside party. At year ended December 31, 2009, \$478,163 of the Library's bank balance of \$728,163 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name. At year ended December 31, 2008, \$554,147 of the Library's bank balance of \$804,147 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

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

Investments:

As of December 31, 2009 and 2008, the Library had no investments.

5. RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. During 2009 and 2008, the Library contracted with several companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
McFadden Ins. Company	Commercial Property	\$ 2,371,500
	General Liability	2,000,000
	Inland Marine	90,600
	Vehicle	500,000
	Employee Theft	2,500 per
France & Associates	Error and Omissions	1,500,000

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.

The Library pays the State Worker's Compensation a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims. The Library participates in a group rating for Bureau of Worker's Compensation. This is handled through the administration of Frank Gates.

**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

6. GRANTS-IN-AID

The primary source of revenue for Ohio public libraries is the Library and Local Government Support Fund (LLGSF). The LLGSF is 5.7% of the State personal income tax. It is currently frozen at 2001 fiscal year level. The LLGSF is allocated to each county based on the county's prior year LLGSF revenues and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for construction of new library buildings, improvements, operations, 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.

7. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the years ended December 31, 2009 and 2008, the members in the traditional plan, were required to contribute 10.0 and 10.0, percent, respectively, of their annual covered salaries. The Library's contribution rate for pension benefits for 2009 and 2008 was 14.00 percent and 14.00 percent, respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$57,349, \$57,710, and \$50,187, respectively. The full amount has been contributed for 2009, 2008 and 2007. Contributions to the member-directed plan for 2009 were \$57,349 made by the Library and \$40,963 made by the plan members.

**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (Continued)

Post Employment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State Statute. The portion of employer contributions for all employers, allocated to health care was 7.0% from January 1, 2009 through March 31, 2009 and 5.5% from April 1, 2009 through December 31, 2009.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as December 31, 2008, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 percent and 3 percent annually for the next six years and 4 percent annually after seven years.

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

The number of active contributing participants in the traditional and combined plans was 357,584. Actual employer contributions for 2009 and 2008 which were used to fund postemployment benefits was \$24,066 and \$28,855, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2008, (the latest information available) were \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.6 billion and \$18.9 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1, of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

8. OTHER EMPLOYEE BENEFITS

The Library provides Medical Insurance to employees on a paid premium basis. Other insurance is available through AFLAC.

**CARROLL COUNTY DISTRICT LIBRARY
CARROLL COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

9. TRANSFERS

During 2008 the following transfers were made:

Transfers from the Building Escrow Fund to:	
General Fund	<u>\$ 53,402</u>
Total Transfers from the Building Escrow	<u>\$ 53,402</u>

Transfers were made out of the Library's Building Escrow Fund to the General Fund after the building expansion project was completed. .

10. LEASES

The Library leases copiers from DaLage Landen. The Library disbursed \$13,809 and \$11,813 to pay lease costs for the years ended December 31, 2009 and 2008, respectively.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

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

Carroll County District Library
Carroll County
70 Second Street NE
Carrollton, Ohio 44615

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carroll County District Library, Carroll County, Ohio, as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 14, 2010, wherein we noted the Library followed the cash basis of accounting, a comprehensive accounting basis other 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 Carroll County District Library's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 have reported to management in a separate letter dated May 14, 2010.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carroll County District Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, 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 we must report under *Government Auditing Standard*.

We noted certain immaterial instances of noncompliance that we have reported to the management of Carroll County District Library in a separate letter dated May 14, 2010.

This report is intended solely for the information and use of the Library's management, fiscal officer, and Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
May 14, 2010



Mary Taylor, CPA
Auditor of State

DISTRICT LIBRARY

CARROLL 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
JULY 13, 2010