

DORCAS CAREY PUBLIC LIBRARY
WYANDOT COUNTY
REPORT ON FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004



**Auditor of State
Betty Montgomery**

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, 2004 through December 31, 2005. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 11, 2006

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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, 2005 and 2004. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our 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 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 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.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State 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, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

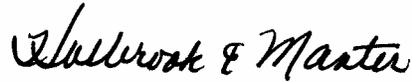
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MEMBERS
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OHIO SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Dorcas Carey Public Library, Wyandot County, Ohio, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2006 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Certified Public Accountants

October 10, 2006

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, 2005

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash receipts:-			
Library local government support	\$ 324,303	\$ 0	\$ 324,303
Patrons fines and fees	15,231	0	15,231
Earnings on investments	7,405	0	7,405
Contributions, gifts and donations	11,946	0	11,946
Other receipts	<u>0</u>	<u>0</u>	<u>0</u>
Total cash receipts	358,885	0	358,885
Cash disbursements:-			
Current:-			
Salaries	194,152	0	194,152
Employee fringe benefits	57,202	0	57,202
Purchased and contracted services	30,661	0	30,661
Library materials	39,856	0	39,856
Supplies	7,434	0	7,434
Other objects	10,043	0	10,043
Capital Outlay	<u>4,502</u>	<u>5,561</u>	<u>10,063</u>
Total cash disbursements	<u>343,850</u>	<u>5,561</u>	<u>349,411</u>
Total receipts over (under) cash disbursements	15,035	(5,561)	9,474
Other financing receipts (disbursements):-			
Transfers-in	0	0	0
Transfers-out	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing receipts (disbursements)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	15,035	(5,561)	9,474
Fund cash balances, January 1, 2005	<u>99,356</u>	<u>234,640</u>	<u>333,996</u>
Fund cash balances, December 31, 2005	<u>\$ 114,391</u>	<u>\$ 229,079</u>	<u>\$ 343,470</u>

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, 2004

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash receipts:-			
Library local government support	\$ 317,853	\$ 0	\$ 317,853
Patrons fines and fees	16,360	0	16,360
Earnings on investments	4,823	0	4,823
Contributions, gifts and donations	16,064	0	16,064
Other receipts	<u>0</u>	<u>0</u>	<u>0</u>
Total cash receipts	355,100	0	355,100
Cash disbursements:-			
Current:-			
Salaries	189,824	0	189,824
Employee fringe benefits	60,341	0	60,341
Purchased and contracted services	33,287	0	33,287
Library materials	40,422	0	40,422
Supplies	8,435	0	8,435
Other objects	12,831	0	12,831
Capital Outlay	<u>12,262</u>	<u>7,264</u>	<u>19,526</u>
Total cash disbursements	<u>357,402</u>	<u>7,264</u>	<u>364,666</u>
Total receipts over (under) cash disbursements	(2,302)	(7,264)	(9,566)
Other financing receipts (disbursements):-			
Transfers-in	0	0	0
Transfers-out	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing receipts (disbursements)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	(2,302)	(7,264)	(9,566)
Fund cash balances, January 1, 2004	<u>101,658</u>	<u>241,904</u>	<u>343,562</u>
Fund cash balances, December 31, 2004	<u>\$ 99,356</u>	<u>\$ 234,640</u>	<u>\$ 333,996</u>

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, 2005 AND 2004

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, 2005 AND 2004**

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 2005 and 2004 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.
- G. Accumulated Leave** - In certain circumstances such as leaving employment, the employees are entitled to the amount of their unused leave. Unused leave is not reflected as a liability under the basis of accounting the Library uses.

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:

	2005	2004
Demand deposits	\$ 133,824	\$ 130,398
Certificates of deposit	209,626	203,578
Cash on hand	20	20
Total fund cash balances	\$ 343,470	\$ 333,996

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.

DORCAS CAREY PUBLIC LIBRARY
WYANDOT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2005 AND 2004

NOTE 3 - BUDGETARY ACTIVITY :-

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

2005 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 344,273	\$ 358,885	\$ 14,612
Capital projects	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 344,273</u>	<u>\$ 358,885</u>	<u>\$ 14,612</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 435,629	\$ 343,850	\$ 91,779
Capital projects	<u>234,640</u>	<u>5,561</u>	<u>229,079</u>
Total	<u>\$ 670,269</u>	<u>\$ 349,411</u>	<u>\$ 320,858</u>

2004 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 322,219	\$ 355,100	\$ 32,881
Capital projects	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 322,219</u>	<u>\$ 355,100</u>	<u>\$ 32,881</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 423,876	\$ 357,402	\$ 66,474
Capital projects	<u>241,904</u>	<u>7,264</u>	<u>234,640</u>
Total	<u>\$ 665,780</u>	<u>\$ 364,666</u>	<u>\$ 301,114</u>

**DORCAS CAREY PUBLIC LIBRARY
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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 2005 and 2004, the Library's employees contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2005 and 2004. The Library has paid all contributions required through December 31, 2005.

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 accompanying financial statements of the Dorcas Carey Public Library, Wyandot County, Ohio (the Library) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated October 10, 2006, wherein we noted the Library followed accounting practices the Auditor of State of Ohio 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned function. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. In a separate letter to the Library's management dated October 10, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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 that we must report under *Government Auditing Standards*. In a separate letter to the Library's management dated October 10, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intended this report solely for the information and use of the management and the Library's Board of Trustees. It is not intended for anyone other than these specified parties.

Shullrock & Mante

Certified Public Accountants

October 10, 2006



**Auditor of State
Betty Montgomery**

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**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
DECEMBER 21, 2006**