

UPPER SANDUSKY COMMUNITY LIBRARY
WYANDOT COUNTY
REPORT ON FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008



Mary Taylor, CPA

Auditor of State

Board of Trustees
Upper Sandusky Community Library
301 North Sandusky Street
Upper Sandusky, Ohio 43351

We have reviewed the *Independent Auditors' Report* of the Upper Sandusky Community Library, Wyandot County, prepared by Holbrook & Manter, 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.

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 Upper Sandusky Community Library is responsible for compliance with these laws and regulations.

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Mary Taylor, CPA
Auditor of State

August 30, 2010

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Upper Sandusky Community Library
Wyandot County

We have audited the accompanying financial statements of the Upper Sandusky Community Library, Wyandot County, Ohio, (the Library) as of and for the years ended December 31, 2009 and 2008. 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.

Instead of the combined funds the accompanying financial statements present for 2009 and 2008, 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, 2009 and 2008 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, 2009 and 2008, 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 Upper Sandusky Community Library, Wyandot County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The Government 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 29, 2010 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 cursive script that reads "Shuller & Manton". The ink is black and the signature is centered on the page.

Certified Public Accountants

June 29, 2010

**UPPER SANDUSKY COMMUNITY 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, 2009

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash receipts:-			
Library local government support	\$ 261,579	\$ 0	\$ 261,579
Patrons fines and fees	16,717	0	16,717
Earnings on investments	7,352	0	7,352
Contributions, gifts and donations	13,118	0	13,118
Other receipts	2,194	0	2,194
Total cash receipts	<u>300,960</u>	<u>0</u>	<u>300,960</u>
Cash disbursements:-			
Current:-			
Salaries	195,408	0	195,408
Employee fringe benefits	55,323	0	55,323
Purchased and contracted services	56,611	0	56,611
Library materials	65,298	0	65,298
Supplies	12,714	0	12,714
Other objects	18,870	0	18,870
Capital Outlay	4,705	0	4,705
Total cash disbursements	<u>408,929</u>	<u>0</u>	<u>408,929</u>
Total receipts over (under) cash disbursements	(107,969)	0	(107,969)
Other financing receipts (disbursements):-			
Transfers-in	96,230	0	96,230
Transfers-out	0	(96,230)	(96,230)
Total other financing receipts (disbursements)	<u>96,230</u>	<u>(96,230)</u>	<u>0</u>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	(11,739)	(96,230)	(107,969)
Fund cash balances, January 1, 2009	<u>66,139</u>	<u>305,724</u>	<u>371,863</u>
Fund cash balances, December 31, 2009	<u>\$ 54,400</u>	<u>\$ 209,494</u>	<u>\$ 263,894</u>
Reserve for encumbrances, December 31, 2009	<u>\$ 385</u>	<u>\$ 0</u>	<u>\$ 385</u>

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

**UPPER SANDUSKY COMMUNITY 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, 2008

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash receipts:-			
Library local government support	\$ 317,454	\$ 0	\$ 317,454
Patrons fines and fees	14,830	0	14,830
Earnings on investments	8,665	5,211	13,876
Contributions, gifts and donations	8,659	0	8,659
Other receipts	2,501	0	2,501
Total cash receipts	<u>352,109</u>	<u>5,211</u>	<u>357,320</u>
Cash disbursements:-			
Current:-			
Salaries	204,813	0	204,813
Employee fringe benefits	57,559	0	57,559
Purchased and contracted services	54,762	0	54,762
Library materials	79,352	0	79,352
Supplies	17,399	0	17,399
Other objects	17,401	0	17,401
Capital Outlay	12,758	0	12,758
Total cash disbursements	<u>444,044</u>	<u>0</u>	<u>444,044</u>
Total receipts over (under) cash disbursements	(91,935)	5,211	(86,724)
Other financing receipts (disbursements):-			
Transfers-in	86,000	0	86,000
Transfers-out	0	(86,000)	(86,000)
Total other financing receipts (disbursements)	<u>86,000</u>	<u>(86,000)</u>	<u>0</u>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	(5,935)	(80,789)	(86,724)
Fund cash balances, January 1, 2008	<u>72,074</u>	<u>386,513</u>	<u>458,587</u>
Fund cash balances, December 31, 2008	<u>\$ 66,139</u>	<u>\$ 305,724</u>	<u>\$ 371,863</u>
Reserve for encumbrances, December 31, 2008	<u>\$ 4,149</u>	<u>\$ 0</u>	<u>\$ 4,149</u>

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

UPPER SANDUSKY COMMUNITY LIBRARY
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

- A. **Description of the Entity** - The Upper Sandusky Community 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 Upper Sandusky Exempted Library 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 an interest bearing checking account and certificates of deposit that are valued 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.

**UPPER SANDUSKY COMMUNITY LIBRARY
 WYANDOT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2009 AND 2008**

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 Library reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2009 and 2008 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:

	2009	2008
Demand deposits	\$ 56,922	\$ 65,087
Certificates of deposit	206,872	306,676
Cash on hand	100	100
Total fund cash balances	\$ 263,894	\$ 371,863

Demand Deposits - The Library's deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Library, or (3) collateralized by the financial institution's public entity deposit pool.

**UPPER SANDUSKY COMMUNITY LIBRARY
 WYANDOT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2009 AND 2008**

NOTE 3 - BUDGETARY ACTIVITY :-

Budgetary activity for the years ending December 31, 2009 and 2008 was as follows:

2009 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 397,339	\$ 397,190	\$ (149)
Capital projects	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 397,339</u>	<u>\$ 397,190</u>	<u>\$ (149)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 452,814	\$ 409,314	\$ 43,500
Capital projects	<u>96,230</u>	<u>96,230</u>	<u>0</u>
Total	<u>\$ 549,044</u>	<u>\$ 505,544</u>	<u>\$ 43,500</u>

2008 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 357,965	\$ 438,109	\$ 80,144
Capital projects	<u>0</u>	<u>5,211</u>	<u>5,211</u>
Total	<u>\$ 357,965</u>	<u>\$ 443,320</u>	<u>\$ 85,355</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 516,004	\$ 448,193	\$ 67,811
Capital projects	<u>300,513</u>	<u>86,000</u>	<u>214,513</u>
Total	<u>\$ 816,517</u>	<u>\$ 534,193</u>	<u>\$ 282,324</u>

Contrary to Ohio law, the actual receipts for the General Fund were less than the budgeted receipts by \$149 for 2009.

**UPPER SANDUSKY COMMUNITY LIBRARY
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 2009 and 2008, the Library's employees contributed 10% of their gross salaries. The Library contributed an amount equal to 14% of participants' gross salaries for 2009 and 2008. The Library has paid all contributions required through December 31, 2009.

NOTE 6 - RISK MANAGEMENT:-

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions.

NOTE 7 - INTERFUND TRANSFERS:-

During 2009 and 2008, the Library transferred monies out of the capital projects fund and into the general fund to fund general operations. In previous years, these undesignated funds were properly set aside by the Board for future capital projects by a transfer from the general fund into the capital projects fund. The current release of funds were completed by a transfer and were properly approved by the board of trustees.



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

Board of Trustees
Upper Sandusky Community Library
Wyandot County

We have audited the financial statements of the Upper Sandusky Community Library, Wyandot County, (the Library) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 29, 2010, 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency or combination of significant deficiencies in internal control such that there is a reasonable possibility that a material financial statement misstatement will not be prevented, or detected and timely corrected.

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 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 29, 2010.

Compliance and Other Matters

As part of reasonably assuring whether the Upper Sandusky Community 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 other matters that we reported to the Government's management in a separate letter dated June 29, 2010.

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.

Shullbrook & Mante

Certified Public Accountants

June 29, 2010



Mary Taylor, CPA
Auditor of State

UPPER SANDUSKY COMMUNITY 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 9, 2010**