



Dave Yost • Auditor of State

**DELTA PUBLIC LIBRARY
FULTON COUNTY**

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Dave Yost • Auditor of State

Delta Public Library
Fulton County
402 Main Street
Delta, Ohio 43515-1304

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 13, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Delta Public Library
Fulton County
402 Main Street
Delta, Ohio 43515-1304

To the Board of Trustees:

We have audited the accompanying financial statements of the Delta Public Library, Fulton County, Ohio (the Library), as of and for the years ended December 31, 2010 and 2009. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State 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, GAAP require 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 GAAP presentation requirements. The Auditor of State permits, but does not require libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State 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, 2010 and 2009 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, 2010 and 2009, 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 Delta Public Library, Fulton County as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 September 13, 2011, 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.



Dave Yost
Auditor of State

September 13, 2011

**DELTA PUBLIC LIBRARY
FULTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$107,557			\$107,557
Library and Local Government Support	218,491			218,491
Intergovernmental	23,547			23,547
Patron Fines and Fees	12,246			12,246
Contributions, Gifts and Donations	18,629			18,629
Earnings on Investments	579	\$230		809
Miscellaneous	5,064			5,064
Total Cash Receipts	<u>386,113</u>	<u>230</u>		<u>386,343</u>
Cash Disbursements:				
Current:				
Salaries	236,551			236,551
Employee Fringe Benefits	48,719			48,719
Purchased and Contractual Services	32,128			32,128
Library Materials and Information	41,232			41,232
Supplies	8,085			8,085
Other	2,915			2,915
Capital Outlay	7,616			7,616
Total Cash Disbursements	<u>377,246</u>			<u>377,246</u>
Total Receipts Over Disbursements	<u>8,867</u>	<u>230</u>		<u>9,097</u>
Other Financing Receipts / (Disbursements):				
Sale of Capital Assets	65			65
Transfers-In	127,061	45,361		172,422
Transfers-Out	(45,361)	(127,061)		(172,422)
Total Other Financing Receipts / (Disbursements)	<u>81,765</u>	<u>(81,700)</u>		<u>65</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	90,632	(81,470)		9,162
Fund Cash Balances, January 1	<u>171,718</u>	<u>126,833</u>	<u>\$1,912</u>	<u>300,463</u>
Fund Cash Balances, December 31	<u>\$262,350</u>	<u>\$45,363</u>	<u>\$1,912</u>	<u>\$309,625</u>

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

**DELTA PUBLIC LIBRARY
FULTON 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>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$92,240			\$92,240
Library and Local Government Support	240,589			240,589
Intergovernmental	25,921			25,921
Patron Fines and Fees	15,723			15,723
Contributions, Gifts and Donations	4,261			4,261
Earnings on Investments	974	\$553		1,527
Total Cash Receipts	<u>379,708</u>	<u>553</u>		<u>380,261</u>
Cash Disbursements:				
Current:				
Salaries	262,688			262,688
Employee Fringe Benefits	62,090			62,090
Purchased and Contractual Services	46,362			46,362
Library Materials and Information	62,702			62,702
Supplies	11,117			11,117
Other	3,120			3,120
Capital Outlay	17,574	2,163		19,737
Total Cash Disbursements	<u>465,653</u>	<u>2,163</u>		<u>467,816</u>
Total Disbursements Over Receipts	<u>(85,945)</u>	<u>(1,610)</u>		<u>(87,555)</u>
Other Financing Receipts / (Disbursements):				
Sale of Fixed Assets	2			2
Transfers-In	215,546			215,546
Transfers-Out		(215,546)		(215,546)
Total Other Financing Receipts / (Disbursements)	<u>215,548</u>	<u>(215,546)</u>		<u>2</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	129,603	(217,156)		(87,553)
Fund Cash Balances, January 1	42,115	343,989	\$1,912	388,016
Fund Cash Balances, December 31	<u><u>\$171,718</u></u>	<u><u>\$126,833</u></u>	<u><u>\$1,912</u></u>	<u><u>\$300,463</u></u>
Reserve for Encumbrances, December 31	<u>\$7,463</u>			<u>\$7,463</u>

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

**DELTA PUBLIC LIBRARY
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Delta Public Library, Fulton County, Ohio (the Library), as a body corporate and politic. The Pike-Delta-York Local School District Board of Education appoints a seven-member Board of Trustees to govern the Library. 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. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Deposits and Investments

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following significant Capital Project Funds:

Furniture and Fixtures Fund – This fund receives money from general operations and interest earned on investments to be used to maintain, repair, and replace the Library's furniture and fixtures.

**DELTA PUBLIC LIBRARY
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Building and Repair Fund – This fund receives money from general operations and interest earned on investments to be used to maintain and repair the Library’s building.

5. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Library’s programs. The Library had the following significant Permanent Fund:

Welch/Bratton Fund – The principal (corpus) balance of these trusts are maintained in this fund to earn a higher interest income which is to be used to purchase children’s books and videos.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and object level of control.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits and Investments

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

	2010	2009
Demand deposits	\$56,343	\$80,542
Certificates of deposit	201,261	68,063
Total deposits	257,604	148,605
STAR Ohio	52,021	151,858
Total deposits and investments	\$309,625	\$300,463

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**DELTA PUBLIC LIBRARY
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$365,755	\$513,239	\$147,484
Capital Projects	750	45,591	44,841
Total	\$366,505	\$558,830	\$192,325

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$497,325	\$422,607	\$74,718
Capital Projects	147,061	127,061	20,000
Total	\$644,386	\$549,668	\$94,718

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$654,556	\$595,256	(\$59,300)
Capital Projects	2,500	553	(1,947)
Total	\$657,056	\$595,809	(\$61,247)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$585,990	\$473,116	\$112,874
Capital Projects	240,546	217,709	22,837
Total	\$826,536	\$690,825	\$135,711

4. Grants-in-aid and Tax Receipts

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. The County Budget Commission bases the amount for distribution on the needs of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

**DELTA PUBLIC LIBRARY
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

4. Grants-in-aid and Tax Receipts (Continued)

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Property owners assess tangible personal property tax. These owners must file a list of tangible property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

5. Retirement System

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2010.

7. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Errors and omissions.



Dave Yost • Auditor of State

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

Delta Public Library
Fulton County
402 Main Street
Delta, Ohio 43515-1304

To the Board of Trustees:

We have audited the financial statements of the Delta Public Library, Fulton County, Ohio (the Library), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated September 13, 2011 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 also noted the Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the audit committee, Board of Trustees, and others within the Library. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State

September 13, 2011

**DELTA PUBLIC LIBRARY
FULTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-001

Material Weakness – Timely Posting of Transactions and Reconciling of Bank Accounts

Strong accounting controls require receipt and disbursement transactions be posted to the Library's computer system as they occur. In addition, bank accounts should be accurately reconciled to book balances on a monthly basis. During 2010 and 2009, the Library's computer postings were not reconciled to the Library's bank accounts.

The December 31, 2009 bank reconciliation indicated book balances were greater than bank balance by \$12,632. The variance was due to the failure of the prior clerk to record expenditures in the accounting records for amounts electronically remitted to OPERS. An adjustment has been made to the accounting records and financial statements for this difference. General Fund Employee Fringe Benefits has been increased \$12,632.

The December 31, 2010 bank reconciliation indicated book balances were greater than bank balance by \$9,600. The variance was due to the carryover of the 2009 error of \$12,632 and offset with the incorrect transfer of amounts related to investment accounts within the UAN system. Year end investment accounts were understated \$3,032. An adjustment has been made to the accounting records and financial statements for this difference. General Fund Miscellaneous Revenue has been increased by \$3,032.

Accurate fund balances are not known if the Library does not post transactions and reconcile its accounts on a timely basis. Failure to post all transactions and to reconcile the Library's fiscal records to bank balances on a timely basis increases the risk of unauthorized or inaccurate transactions, undetected errors and loss or misappropriation of funds occurring without timely detection.

Reconciliations are an effective tool to help management determine the completeness of recorded transactions and verify that all recorded transactions have been properly posted to the bank and all transactions with the bank have been recorded on the Library's fiscal records and financial statements.

In order to strengthen accountability over the Library's financial activity and reconciliation process, we recommend transactions be posted in a timely manner. The Fiscal Officer should investigate and correct any unknown variances before closing the current month's activities. The Library Board should closely review and scrutinize monthly bank reconciliations. This review should be clearly documented in the Library's minute record as well as on the bank reconciliations.

Officials' Response:

We did not receive a response from Officials to this finding.

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Dave Yost • Auditor of State

DELTA PUBLIC LIBRARY

FULTON 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 29, 2011**