



**SENECA EAST PUBLIC LIBRARY  
SENECA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2007**



**Mary Taylor, CPA**  
Auditor of State



**SENECA EAST PUBLIC LIBRARY  
SENECA COUNTY**

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# Mary Taylor, CPA Auditor of State

Seneca East Public Library  
Seneca County  
14 North Main Street  
P.O. Box 572  
Attica, Ohio 44807-0572

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 cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

May 14, 2008

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Seneca East Public Library  
Seneca County  
14 North Main Street  
P.O. Box 572  
Attica, Ohio 44807-0572

To the Board of Trustees:

We have audited the accompanying financial statements of Seneca East Public Library, Seneca County, (the Library) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our 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(B) and 115.56 mandate 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 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, 2007 and 2006, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

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

As described in Note 1, for the year ended December 31, 2006, the Library changed its financial presentation from being comparable to the requirements of Governmental Accounting Standard Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* to the accounting practices the Auditor of State prescribes or permits.

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 May 14, 2008, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

May 14, 2008

**SENECA EAST PUBLIC LIBRARY  
SENECA COUNTY**

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

	All Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Library and Local Government Support	\$171,073				\$171,073
Patron Fines and Fees	1,994				1,994
Contributions, Gifts and Donations	16,226				16,226
Earnings on Investments	1,342	\$333			1,675
Miscellaneous	7,444				7,444
<b>Total Cash Receipts</b>	<b>198,079</b>	<b>333</b>			<b>198,412</b>
<b>Cash Disbursements:</b>					
Current:					
Salaries	91,135				91,135
Employee Fringe Benefits	13,555				13,555
Purchased and Contractual Services	39,023				39,023
Library Materials and Information	25,418				25,418
Supplies	7,299				7,299
Other	8,525	222			8,747
Capital Outlay	6,779				6,779
Debt Service:					
Redemption of Principal			\$5,610		5,610
Interest and Other Fiscal Charges			3,966		3,966
<b>Total Cash Disbursements</b>	<b>191,734</b>	<b>222</b>	<b>9,576</b>		<b>201,532</b>
Total Receipts Over/(Under) Disbursements	6,345	111	(9,576)		(3,120)
<b>Other Financing Receipts / (Disbursements):</b>					
Transfers-In			9,576		9,576
Transfers-Out	(9,576)				(9,576)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(9,576)</b>		<b>9,576</b>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,231)	111			(3,120)
Fund Cash Balances, January 1	17,874	6,958		\$1,767	26,599
<b>Fund Cash Balances, December 31</b>	<b>\$14,643</b>	<b>\$7,069</b>		<b>\$1,767</b>	<b>\$23,479</b>
Reserve for Encumbrances, December 31	\$2,410				\$2,410

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

**SENECA EAST PUBLIC LIBRARY  
SENECA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	All Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Library and Local Government Support	\$168,774				\$168,774
Patron Fines and Fees	2,143				2,143
Contributions, Gifts and Donations	18,659				18,659
Earnings on Investments	800	\$280			1,080
Miscellaneous	1,140				1,140
Total Cash Receipts	191,516	280			191,796
<b>Cash Disbursements:</b>					
Current:					
Salaries	86,052				86,052
Employee Fringe Benefits	12,610				12,610
Purchased and Contractual Services	37,596				37,596
Library Materials and Information	17,921				17,921
Supplies	6,138				6,138
Other	9,260	156			9,416
Capital Outlay	1,207				1,207
Debt Service:					
Redemption of Principal			\$5,432		5,432
Interest and Other Fiscal Charges			4,144		4,144
Total Cash Disbursements	170,784	156	9,576		180,516
Total Receipts Over/(Under) Disbursements	20,732	124	(9,576)		11,280
<b>Other Financing Receipts / (Disbursements):</b>					
Transfers-In			9,576		9,576
Transfers-Out	(9,576)				(9,576)
Total Other Financing Receipts / (Disbursements)	(9,576)		9,576		
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	11,156	124			11,280
Fund Cash Balances, January 1	6,718	6,834		\$1,767	15,319
<b>Fund Cash Balances, December 31</b>	<b>\$17,874</b>	<b>\$6,958</b>		<b>\$1,767</b>	<b>\$26,599</b>
Reserve for Encumbrances, December 31	\$4,663				\$4,663

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

**SENECA EAST PUBLIC LIBRARY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**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 Seneca East Public Library, Seneca County, (the Library) as a body corporate and politic. The Seneca East 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).

In 2005, the Library reported the financial statements on the cash basis of accounting comparable to the requirements of Governmental Accounting Standard No. 34. For 2006, the Library reported on a regulatory basis. The Library no longer presents entity wide financial statements. The fund financial statements now present a column for each fund type, rather than a separate column for each major fund with nonmajor funds aggregated and presented in a single column.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Investments**

The Library values certificates of deposit at cost. STAR Ohio is recorded at share values the mutual funds report.

**D. Fund Accounting**

The Library uses fund accounting to segregate cash that is 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. Special Revenue Fund**

This fund accounts for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that is restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

**SENECA EAST PUBLIC LIBRARY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

*Everett CD Fund* – This fund receives interest from the Everett CD where two-thirds of the interest is spent for the children's area to purchase certain equipment.

**3. Debt Service Fund**

This fund accounts for resources the Library accumulates to pay note debt. The Library had the following significant Debt Service Fund:

*Debt Retirement Fund* – This fund records the revenue and expenditures for the loan that was taken out to purchase the Behm Building for a Children's Room.

**4. Capital Project Fund**

This fund accounts 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 fund:

*Building Fund* – This fund is used to account for the Behm Building project.

**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, function, and object level of control.

A summary of 2007 and 2006 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.

**SENECA EAST PUBLIC LIBRARY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2007	2006
Demand deposits	\$8,259	\$8,791
Certificates of deposit	7,069	6,958
Total deposits	15,328	15,749
STAR Ohio	8,151	10,850
Total deposits and investments	\$23,479	\$26,599

**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.

**3. BUDGETARY ACTIVITY**

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

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$209,657	\$198,079	(\$11,578)
Special Revenue	223	333	110
Debt Service	9,576	9,576	
Total	\$219,456	\$207,988	(\$11,468)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$227,531	\$203,720	\$23,811
Special Revenue	222	222	
Debt Service	9,576	9,576	
Total	\$237,329	\$213,518	\$23,811

**SENECA EAST PUBLIC LIBRARY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**3. BUDGETARY ACTIVITY – (CONTINUED)**

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$195,719	\$191,516	(\$4,203)
Special Revenue	156	280	124
Debt Service	9,576	9,576	
Total	\$205,451	\$201,372	(\$4,079)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$196,580	\$185,023	\$11,557
Special Revenue	150	156	(6)
Debt Service	9,576	9,576	
Total	\$206,306	\$194,755	\$11,551

**4. GRANTS-IN-AID**

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF 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 of any additional revenues the Library receives.

**5. DEBT**

Debt outstanding at December 31, 2007, was as follows:

	Principal	Interest Rate
General Obligation Note	\$119,435	3.24%

The purpose of this note is the purchase in 2001 of the Behm Building for a Children's Room. The source of funding will be the annual transfer of \$9,576 from the General Fund to the Debt Service Fund. The maturity date is 2024.

**SENECA EAST PUBLIC LIBRARY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**5. DEBT – (CONTINUED)**

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Note
2008	\$9,576
2009	9,576
2010	9,576
2011	9,576
2012	9,576
2013-2017	47,880
2018-2022	47,880
2023–2024	9,576
Total	<u><u>\$153,216</u></u>

**6. 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 2007 and 2006, OPERS members contributed 9.50% and 9%, respectively, of their gross salaries and the Library contributed an amount equaling 13.85% and 13.7%, respectively, of participants’ gross salaries. The Library has paid all contributions required through December 31, 2007.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Inland Marine;
- Vehicles; and
- Errors and omissions.

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# Mary Taylor, CPA

Auditor of State

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

Seneca East Public Library  
Seneca County  
14 North Main Street  
P.O. Box 572  
Attica, Ohio 44807-0572

To the Board of Trustees:

We have audited the financial statements of Seneca East Public Library, Seneca County (the Library) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated May 14, 2008, wherein we noted the Library prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library. 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(B) and 115.56 mandate 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 expressing our opinion on the financial statements, but not to opine 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

One Government Center / Room 1420 / Toledo, OH 43604-2246  
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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 a certain matter that we reported to the Library's management in a separate letter dated May 14, 2008.

### **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 the audit committee, management and Library Board of Trustees. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

May 14, 2008



**Mary Taylor, CPA**  
Auditor of State

**SENECA EAST PUBLIC LIBRARY**

**SENECA 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  
JUNE 10, 2008**