

UPPER SANDUSKY COMMUNITY LIBRARY
WYANDOT COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012



Dave Yost • Auditor of State

Board of Trustees
Upper Sandusky Community Library
301 N. Sandusky Ave
Upper Sandusky, Ohio 43351

We have reviewed the *Independent Auditors' Report* of the Upper Sandusky Community Library, Wyandot County, prepared by Holbrook & Manter, CPAs, for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Upper Sandusky Community Library is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

August 28, 2014

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INDEPENDENT AUDITORS' REPORT

Upper Sandusky Community Library
Wyandot County
301 N. Sandusky Ave.
Upper Sandusky, Ohio 43351

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Upper Sandusky Community Library, Wyandot County, (the Library) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Government's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Government's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

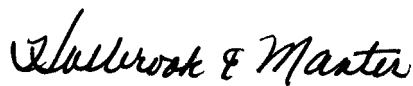
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Upper Sandusky Community Library, Wyandot County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2014 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Government's internal control over financial reporting and compliance.



Certified Public Accountants

Marion, Ohio
July 15, 2014

**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, 2013

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
CASH RECEIPTS:-			
Property and other local taxes	\$ 307,624	\$ 0	\$ 307,624
Library local government support	241,251	0	241,251
Intergovernmental	0	0	0
Patrons fines and fees	16,783	0	16,783
Earnings on investments	759	142	901
Contributions, gifts and donations	7,938	0	7,938
Other receipts	3,204	0	3,204
	<hr/>	<hr/>	<hr/>
Total cash receipts	577,559	142	577,701
CASH DISBURSEMENTS:-			
Current;-			
Library services	261,626	0	261,626
Support services	182,419	0	182,419
Capital Outlay	8,583	5,200	13,783
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Total cash disbursements	452,628	5,200	457,828
Total receipts over (under) cash disbursements	124,931	(5,058)	119,873
Fund cash balances, January 1, 2013	431,661	202,595	634,256
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Fund cash balances, December 31, 2013			
Assigned	0	197,537	197,537
Unassigned	556,592	0	556,592
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Fund cash balances, December 31, 2013	\$ <u>556,592</u>	\$ <u>197,537</u>	\$ <u>754,129</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, 2012**

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
CASH RECEIPTS:-			
Property and other local taxes	\$ 287,535	\$ 0	\$ 287,535
Library local government support	238,029	0	238,029
Intergovernmental	19,457	0	19,457
Patrons fines and fees	18,417	0	18,417
Earnings on investments	828	0	828
Contributions, gifts and donations	3,288	0	3,288
Other receipts	2,501	0	2,501
Total cash receipts	<u>570,056</u>	<u>0</u>	<u>570,056</u>
CASH DISBURSEMENTS:-			
Current;-			
Library services	300,851	0	300,851
Support services	166,358	0	166,358
Capital Outlay	7,499	6,899	14,398
Total cash disbursements	<u>474,707</u>	<u>6,899</u>	<u>481,606</u>
Total receipts over (under) cash disbursements	95,349	(6,899)	88,450
Fund cash balances, January 1, 2012	<u>336,312</u>	<u>209,494</u>	<u>545,806</u>
Fund cash balances, December 31, 2012			
Assigned	0	202,595	202,595
Unassigned	<u>431,661</u>	<u>0</u>	<u>431,661</u>
Fund cash balances, December 31, 2012	<u>\$ 431,661</u>	<u>\$ 202,595</u>	<u>\$ 634,256</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, 2013 AND 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

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.

Basis of Accounting - These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State of Ohio, 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 of Ohio.

Cash and Investments - The Library maintains an interest bearing checking account and certificates of deposit that are valued at cost.

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 restricted.

Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects.

Budgetary Process - The Ohio Revised Code requires that the Library budget 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 Board of Trustees must annually approve appropriation measures and subsequent amendments. The Wyandot County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The Wyandot County Budget Commission must also approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

UPPER SANDUSKY COMMUNITY LIBRARY
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

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.

Accumulated Leave - In certain circumstances, such as upon leaving employment, employees are entitled to cash payment for unused leave. Unpaid leave is not reflected as a liability under the Library's basis of accounting.

Fund Balance - Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The Library classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.

Restricted - Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed - Trustees can commit amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts any of the unrestricted fund balance classifications could be used.

**UPPER SANDUSKY COMMUNITY LIBRARY
 WYANDOT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013 AND 2012**

NOTE 2 - EQUITY IN POOLED CASH:-

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

Deposits	<u>2013</u>	<u>2012</u>
Demand deposits	\$ 310,458	\$ 191,742
Certificates of deposit	<u>443,671</u>	<u>442,514</u>
Total deposits	<u><u>\$ 754,129</u></u>	<u><u>\$ 634,256</u></u>

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.

Investments - The Library has no other forms of investments.

**UPPER SANDUSKY COMMUNITY LIBRARY
 WYANDOT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013 & 2012**

NOTE 3 - BUDGETARY ACTIVITY :-

Budgetary activity for the years ending December 31, 2013 and 2012 was as follows:

2013 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 577,557	\$ 577,559	\$ 2
Capital projects	<u>142</u>	<u>142</u>	<u>0</u>
Total	\$ <u>577,699</u>	\$ <u>577,701</u>	\$ <u>2</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 505,500	\$ 452,628	\$ 52,872
Capital projects	<u>50,000</u>	<u>5,200</u>	<u>44,800</u>
Total	\$ <u>555,500</u>	\$ <u>457,828</u>	\$ <u>97,672</u>

2012 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 570,053	\$ 570,056	\$ 3
Capital projects	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$ <u>570,053</u>	\$ <u>570,056</u>	\$ <u>3</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 513,600	\$ 474,707	\$ 38,893
Capital projects	<u>35,000</u>	<u>6,899</u>	<u>28,101</u>
Total	\$ <u>548,600</u>	\$ <u>481,606</u>	\$ <u>66,994</u>

**UPPER SANDUSKY COMMUNITY LIBRARY
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 4 - LIBRARY LOCAL GOVERNMENT SUPPORT:-

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 any additional revenues the Library receives.

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.

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

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 also prescribed by the Ohio Revised Code. During 2013 and 2012, PERS members contributed 10% of their gross salaries. The Library contributed an amount equal to 14% of participants' gross salaries for 2013 and 2012. The Library has paid all contributions required through December 31, 2013.

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 - SUBSEQUENT EVENTS:-

Management has evaluated subsequent events through July 15, 2014, the date which financial statements were available to be issued.



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

Upper Sandusky Community Library
Wyandot County
301 N. Sandusky Ave.
Upper Sandusky, Ohio 43351

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Governmental Auditing Standards*, the financial statements of the Upper Sandusky Community Library, Wyandot County, (the Library) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated July 15, 2014 wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants

Marion, Ohio
July 15, 2014

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Dave Yost • 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, 2014