



Mary Taylor, CPA
Auditor of State

**SYLVESTER MEMORIAL WELLSTON PUBLIC LIBRARY
JACKSON COUNTY**

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Mary Taylor, CPA
Auditor of State

Sylvester Memorial Wellston Public Library
Jackson County
135 East Second Street
Wellston, Ohio 45692

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.

Mary Taylor

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April 2, 2008

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Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Sylvester Memorial Wellston Public Library
Jackson County
135 East Second Street
Wellston, Ohio 45692

To the Board of Trustees:

We have audited the accompanying financial statements of the Sylvester Memorial Wellston Public Library, Jackson County, Ohio (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 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, 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 Sylvester Memorial Wellston Public Library, Jackson 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.

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 April 2, 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

April 2, 2008

**SYLVESTER MEMORIAL WELLSTON PUBLIC LIBRARY
JACKSON COUNTY**

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

	<u>All Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Library and Local Government Support	\$442,394	\$	\$442,394
Intergovernmental	980		980
Patron Fines and Fees	12,504		12,504
Contributions, Gifts and Donations	9,911		9,911
Earnings on Investments	32,116	51,929	84,045
Miscellaneous	942		942
	<u>498,847</u>	<u>51,929</u>	<u>550,776</u>
Cash Disbursements:			
Current:			
Salaries	286,933		286,933
Employee Fringe Benefits	100,731		100,731
Purchased and Contractual Services	38,996		38,996
Library Materials and Information	45,800		45,800
Supplies	12,440		12,440
Other	1,198		1,198
Capital Outlay		71,921	71,921
	<u>486,098</u>	<u>71,921</u>	<u>558,019</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>12,749</u>	<u>(19,992)</u>	<u>(7,243)</u>
Other Financing Receipts / (Disbursements):			
Transfers-In		25,000	25,000
Transfers-Out	(25,000)		(25,000)
	<u>(25,000)</u>	<u>25,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(12,251)	5,008	(7,243)
Fund Cash Balances, January 1	172,568	1,480,583	1,653,151
Fund Cash Balances, December 31	<u>\$160,317</u>	<u>\$1,485,591</u>	<u>\$1,645,908</u>
Reserve for Encumbrances, December 31	<u>\$3,555</u>	<u>\$22,000</u>	<u>\$25,555</u>

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

**SYLVESTER MEMORIAL WELLSTON PUBLIC LIBRARY
JACKSON COUNTY**

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

	<u>All Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Library and Local Government Support	\$442,394	\$	\$442,394
Intergovernmental	4,612		4,612
Patron Fines and Fees	11,830		11,830
Contributions, Gifts and Donations	4,637		4,637
Earnings on Investments	6,291	58,870	65,161
Miscellaneous	1,778		1,778
	<u>471,542</u>	<u>58,870</u>	<u>530,412</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries	273,968		273,968
Employee Fringe Benefits	99,433		99,433
Purchased and Contractual Services	48,100		48,100
Library Materials and Information	39,173		39,173
Supplies	12,259		12,259
Other	1,168	4,065	5,233
Capital Outlay	5,000	18,870	23,870
	<u>479,101</u>	<u>22,935</u>	<u>502,036</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(7,559)</u>	<u>35,935</u>	<u>28,376</u>
Fund Cash Balances, January 1	<u>180,127</u>	<u>1,444,648</u>	<u>1,624,775</u>
Fund Cash Balances, December 31	<u>\$172,568</u>	<u>\$1,480,583</u>	<u>\$1,653,151</u>
Reserve for Encumbrances, December 31	<u>\$6,156</u>	<u>\$0</u>	<u>\$6,156</u>

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

**SYLVESTER MEMORIAL WELLSTON PUBLIC LIBRARY
JACKSON 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 Sylvester Memorial Wellston Public Library, Jackson County (the Library), as a body corporate and politic. The Board of Education of the Wellston City School District appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources. The Library is involved with the Southeast Regional Library System (SERLS) which is defined as a jointly governed organization. Additional information concerning SERLS is presented in Note 7.

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. Cash 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.

**SYLVESTER MEMORIAL WELLSTON PUBLIC LIBRARY
JACKSON COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Capital Project Funds

This fund accounts for receipts restricted to acquiring or constructing major capital projects. The Library had the following significant Capital Project Fund:

Permanent Improvement Fund – This fund is used for constructing, maintaining, and repairing Library buildings and property.

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.

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:

	<u>2007</u>	<u>2006</u>
Demand deposits	\$82,411	\$42,401
Certificates of deposit	1,524,070	1,471,706
Total deposits	<u>1,606,481</u>	<u>1,514,107</u>
STAROhio		
Total investments	<u>39,427</u>	<u>139,044</u>
Total deposits and investments	<u>\$1,645,908</u>	<u>\$1,653,151</u>

**SYLVESTER MEMORIAL WELLSTON PUBLIC LIBRARY
JACKSON COUNTY**

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

2. Equity in Pooled Cash and Investments (Continued)

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library.

Investments: Investments in STAROhio 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	\$499,327	\$498,847	(\$480)
Capital Projects	50,000	76,929	26,929
Total	\$549,327	\$575,776	\$26,449

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$665,711	\$514,653	\$151,058
Capital Projects	1,530,583	93,921	1,436,662
Total	\$2,196,294	\$608,574	\$1,587,720

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$457,894	\$471,542	\$13,648
Capital Projects	35,000	58,870	23,870
Total	\$492,894	\$530,412	\$37,518

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$638,022	\$485,257	\$152,765
Capital Projects	1,479,648	22,935	1,456,713
Total	\$2,117,670	\$508,192	\$1,609,478

**SYLVESTER MEMORIAL WELLSTON PUBLIC LIBRARY
JACKSON COUNTY**

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

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. Retirement Systems

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 9.5% 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.

6. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

7. Jointly Governed Organization

The Southeast Regional Library System (SERLS), formerly known as Ohio Valley Area Libraries (OVAL), is a cooperative regional library system created and governed according to the provisions of Section 3375.70 through 3375.3, Ohio Revised Code. SERLS is comprised of autonomous public libraries in the Ohio counties of Athens, Belmont, Delaware, Fairfield, Franklin, Gallia, Guernsey, Hocking, Jackson, Jefferson, Lawrence, Licking, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Pickaway, Pike, Ross, Scioto, Vinton, and Washington as well as school libraries, academic libraries and special libraries. SERLS' Board of Trustees consists of fifteen members: twelve public library representatives, one academic representative, one school representative, and one special representative. The Sylvester Memorial Wellston Public Library's control over budgeting and financing of SERLS is limited to its voting authority and its representation on the SERLS' Board of Trustees.

**SYLVESTER MEMORIAL WELLSTON PUBLIC LIBRARY
JACKSON COUNTY**

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

8. Related Party Transaction

The Library pays an annual fee to the Southeast Region Library System (SERLS), a jointly governed organization of which the Library is a member. SERLS provides training programs. In 2007 the Library paid \$818 to SERLS for annual dues and fees for services provided. The Library paid \$15,771 to OVAL/SERLS for annual dues and fees for services provided in 2006.

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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*

Sylvester Memorial Wellston Public Library
Jackson County
135 East Second Street
Wellston, Ohio 45692

To the Board of Trustees:

We have audited the financial statements of the Sylvester Memorial Wellston Public Library, Jackson County, Ohio (the Library) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated April 2, 2008 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 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 because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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.

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 certain matters that we reported to the Library's management in a separate letter dated April 2, 2008.

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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 did note a certain noncompliance or other matter that we reported to the Library's management in a separate letter dated April 2, 2008.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 2, 2008



Mary Taylor, CPA
Auditor of State

SYLVESTER MEMORIAL WELLSTON PUBLIC LIBRARY

JACKSON 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
APRIL 24, 2008**