



**CLYDE PUBLIC LIBRARY
SANDUSKY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2007



Mary Taylor, CPA
Auditor of State

**CLYDE PUBLIC LIBRARY
SANDUSKY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

Clyde Public Library
Sandusky County
222 West Buckeye Street
Clyde, Ohio 43410-1936

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

Mary Taylor, CPA
Auditor of State

May 5, 2008

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Clyde Public Library
Sandusky County
222 West Buckeye Street
Clyde, Ohio 43410-1936

To the Board of Trustees:

We have audited the accompanying financial statements of Clyde Public Library, Sandusky 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 in Note 2, in accordance with the requirements of Governmental Accounting Standards Board Statement Number 34, the Library's Trust funds have been reclassified.

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 combined fund cash balances and reserves for encumbrances of Clyde Public Library, Sandusky County, as of December 31, 2007 and 2006, 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 May 5, 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 5, 2008

**CLYDE PUBLIC LIBRARY
SANDUSKY COUNTY**

**COMBINED 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	Permanent	
Cash Receipts:					
Property and Other Local Taxes	\$211,356				\$211,356
Library and Local Government Support	352,357				352,357
Intergovernmental	12,976				12,976
Patron Fines and Fees	16,951				16,951
Contributions, Gifts and Donations	52,299	\$9,861			62,160
Earnings on Investments	15,121	1,577		\$6,089	22,787
Miscellaneous	2,406				2,406
	663,466	11,438		6,089	680,993
Total Cash Receipts					
Cash Disbursements:					
Current:					
Salaries	265,220				265,220
Employee Fringe Benefits	50,626				50,626
Purchased and Contractual Services	72,231				72,231
Library Materials and Information	83,411	3,116		2,715	89,242
Supplies	25,770				25,770
Other	8,520				8,520
Capital Outlay	11,625				11,625
Debt Service:					
Redemption of Principal			\$50,571		50,571
Interest and Other Fiscal Charges			25,019		25,019
	517,403	3,116	75,590	2,715	598,824
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	146,063	8,322	(75,590)	3,374	82,169
Other Financing Receipts / (Disbursements):					
Transfers-In			75,590		75,590
Transfers-Out	(75,590)				(75,590)
	(75,590)		\$75,590		
Total Other Financing Receipts / (Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	70,473	8,322		3,374	82,169
Fund Cash Balances, January 1	373,570	47,729		124,899	546,198
Fund Cash Balances, December 31	\$444,043	\$56,051		\$128,273	\$628,367
Reserve for Encumbrances, December 31	\$16,274				\$16,274

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

**CLYDE PUBLIC LIBRARY
SANDUSKY COUNTY**

**COMBINED 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	Permanent	
Cash Receipts:					
Property and Other Local Taxes	\$213,085				\$213,085
Library and Local Government Support	352,357				352,357
Intergovernmental	12,734				12,734
Patron Fines and Fees	16,974				16,974
Contributions, Gifts and Donations	6,220	\$9,807			16,027
Earnings on Investments	14,044	1,736		\$5,367	21,147
Miscellaneous	532				532
	615,946	11,543		5,367	632,856
Total Cash Receipts					
Cash Disbursements:					
Current:					
Salaries	254,964				254,964
Employee Fringe Benefits	47,756				47,756
Purchased and Contractual Services	70,128				70,128
Library Materials and Information	89,467	1,563		957	91,987
Supplies	28,311			30	28,341
Other	10,257				10,257
Capital Outlay	15,835				15,835
Debt Service:					
Redemption of Principal			\$47,978		47,978
Interest and Other Fiscal Charges			27,612		27,612
	516,718	1,563	75,590	987	594,858
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	99,228	9,980	(75,590)	4,380	37,998
Other Financing Receipts / (Disbursements):					
Transfers-In	3,511		75,590		79,101
Transfers-Out	(75,590)	(3,511)			(79,101)
	(72,079)	(3,511)	\$75,590		
Total Other Financing Receipts / (Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	27,149	6,469		4,380	37,998
Fund Cash Balances, January 1	346,421	41,260		120,519	508,200
Fund Cash Balances, December 31	\$373,570	\$47,729		\$124,899	\$546,198
Reserve for Encumbrances, December 31	\$5,645			\$1,620	\$7,265

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

**CLYDE PUBLIC LIBRARY
SANDUSKY 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 Clyde Public Library, Sandusky County, (the Library) as a body corporate and politic. The Clyde-Green Springs 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. Cash

The Library values certificates of deposit at cost.

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:

Hurd Trust Fund – This fund is used to account for all financial activity for the bequest received from Thaddeus Hurd and is used for books about the history of Clyde.

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:

**CLYDE PUBLIC LIBRARY
SANDUSKY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Debt Retirement Fund – This fund records the revenue and expenditures for the loan that was taken out in 1995 for the expansion of the Library.

4. 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:

Suggitt Fund – This fund is used to account for all financial activity for the bequest received from Sarah Ann Suggitt and is used preferably to purchase books of biography, history, travel, essays and general information.

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 4.

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. RECLASSIFICATION OF FUND BALANCE

Pursuant to Governmental Accounting Standards Board Statement Number 34, the Library has reclassified its expendable and nonexpendable trust funds, to special revenue and permanent funds, respectively for 2006. The effect on fund balances is as follows:

	Special Revenue	Expendable Trust	Nonexpendable Trust	Permanent
Fund Balances as reported at December 31, 2005		\$41,260	\$120,519	
Reclassification of Fund Balances	\$41,260	(\$41,260)	(\$120,519)	\$120,519
Restated Fund Balances at January 1, 2006	\$41,260			\$120,519

**CLYDE PUBLIC LIBRARY
SANDUSKY COUNTY**

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

3. EQUITY IN POOLED CASH

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

	<u>2007</u>	<u>2006</u>
Demand deposits	\$206,094	\$173,925
Certificates of deposit	<u>422,273</u>	<u>372,273</u>
Total deposits	<u><u>\$628,367</u></u>	<u><u>\$546,198</u></u>

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Library; or collateralized by the financial institution's public entity deposit pool.

4. 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	\$600,631	\$663,466	\$62,835
Special Revenue	9,500	11,438	1,938
Debt Service	75,590	75,590	
Permanent	6,150	6,089	(61)
Total	<u><u>\$691,871</u></u>	<u><u>\$756,583</u></u>	<u><u>\$64,712</u></u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$695,645	\$609,267	\$86,378
Special Revenue	40,886	3,116	37,770
Debt Service	75,590	75,590	
Permanent	23,931	2,715	21,216
Total	<u><u>\$836,052</u></u>	<u><u>\$690,688</u></u>	<u><u>\$145,364</u></u>

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$573,276	\$619,457	\$46,181
Special Revenue	350	11,543	11,193
Debt Service	75,590	75,590	
Permanent	2,500	5,367	2,867
Total	<u><u>\$651,716</u></u>	<u><u>\$711,957</u></u>	<u><u>\$60,241</u></u>

**CLYDE PUBLIC LIBRARY
SANDUSKY COUNTY**

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

4. BUDGETARY ACTIVITY – (CONTINUED)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$691,995	\$597,953	\$94,042
Special Revenue	44,021	5,074	38,947
Debt Service	75,590	75,590	
Permanent	20,760	2,607	18,153
Total	\$832,366	\$681,224	\$151,142

5. GRANTS-IN-AID AND TAX RECEIPTS

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.

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.

6. DEBT

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

	Principal	Interest Rate
General Obligation Notes	\$437,504	5.20%
Total	\$437,504	

**CLYDE PUBLIC LIBRARY
SANDUSKY COUNTY**

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

6. DEBT – (CONTINUED)

The General Obligation Note relates to the loan taken out in 1995 to expand the Library. In November 2001, the Board refinanced the note at a lower interest rate. In January 2005, the note holder and the Board agreed to amend the note maturity date to October 2014 and reduce the semi-annual principal and interest payment from \$50,264 to \$37,795 effective April 2005 until maturity. The note will be repaid in semi-annual installments over the next seven years.

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

Year ending December 31:	General Obligation Notes
2008	75,590
2009	75,590
2010	75,590
2011	75,590
2012	75,590
2013 – 2014	151,180
Total	<u>529,130</u>

7. 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.

8. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

This page intentionally left blank.



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*

Clyde Public Library
Sandusky County
222 West Buckeye Street
Clyde, Ohio 43410-1936

To the Board of Trustees:

We have audited the financial statements of Clyde Public Library, Sandusky County (the Library) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated May 5, 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 and the Library reclassified its trust funds. 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.

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.

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 the Library Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

May 5, 2008



Mary Taylor, CPA
Auditor of State

CLYDE PUBLIC LIBRARY

SANDUSKY 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**