



**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 & 2005



Mary Taylor, CPA
Auditor of State

**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Wickliffe Public Library
Lake County
1713 Lincoln Road
Wickliffe, Ohio 44092

To the Library Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Wickliffe Public Library, Lake County, Ohio, (the Library), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions 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 discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, and each major fund of the Wickliffe Public Library, Lake County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

For the year ended December 31, 2005, the Library revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2007, 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.

The aforementioned revision to generally accepting accounting principles also requires the Library to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. 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 statement.

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

Mary Taylor, CPA
Auditor of State

October 10, 2007

WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY
Statement of Net Assets - Cash Basis
December 31, 2006

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,626,809</u>
<i>Total Assets</i>	<u><u>\$1,626,809</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$712,147
Unrestricted	<u>914,662</u>
<i>Total Net Assets</i>	<u><u>\$1,626,809</u></u>

See accompanying notes to the basic financial statements

WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	Cash Disbursements	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Governmental Activities
Governmental Activities			
Library Services:			
Public Service and Programs	\$803,432	\$24,784	(\$778,648)
Collection Development and Processing	224,152		(224,152)
Support Services:			
Facilities Operation and Maintenance	82,891	4,725	(78,166)
Information Services	7,938		(7,938)
Business Administration	51,912		(51,912)
Capital Outlay	70,831		(70,831)
<i>Total Governmental Activities</i>	<u>\$1,241,156</u>	<u>\$29,509</u>	<u>(1,211,647)</u>
General Receipts			
Property Taxes			268,903
Unrestricted Gifts and Contributions			470
Grants and Entitlements not Restricted to Specific Programs			904,963
Sale of Capital Assets			1,803
Interest			61,004
Miscellaneous			12,214
Total General Receipts			<u>1,249,357</u>
Change in Net Assets			37,710
<i>Net Assets Beginning of Year</i>			<u>1,589,099</u>
<i>Net Assets End of Year</i>			<u>\$1,626,809</u>

See accompanying notes to the basic financial statements

WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Building Improvement Fund	Automation Fund	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$914,662	\$442,466	\$269,681	\$1,626,809
<i>Total Assets</i>	<u>\$914,662</u>	<u>\$442,466</u>	<u>\$269,681</u>	<u>\$1,626,809</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$7,933	\$49,807		\$57,740
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	906,729			906,729
Capital Projects Funds		392,659	269,681	662,340
<i>Total Fund Balances</i>	<u>\$914,662</u>	<u>\$442,466</u>	<u>\$269,681</u>	<u>\$1,626,809</u>

See accompanying notes to the basic financial statements

**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2006*

Total Governmental Fund Balances	<u>\$1,626,809</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$1,626,809</u></u>

See accompanying notes to the basic financial statements

**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006*

	General	Building Improvement Fund	Automation Fund	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$268,903			\$268,903
Intergovernmental	904,963			904,963
Patron Fines and Fees	29,509			29,509
Contributions, Gifts and Donations	470			470
Earnings on Investments	61,004			61,004
Miscellaneous	12,214			12,214
<i>Total Receipts</i>	<u>1,277,063</u>	<u>0</u>	<u>0</u>	<u>1,277,063</u>
Disbursements				
Library Services:				
Public Service and Programs	803,432			803,432
Collection Development and Processing	224,152			224,152
Support Services:				
Facilities Operation and Maintenance	82,891			82,891
Information Services	7,938			7,938
Business Administration	51,912			51,912
Capital Outlay	1,344	60,290	9,197	70,831
<i>Total Disbursements</i>	<u>1,171,669</u>	<u>60,290</u>	<u>9,197</u>	<u>1,241,156</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>105,394</u>	<u>(60,290)</u>	<u>(9,197)</u>	<u>35,907</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	1,803			1,803
<i>Total Other Financing Sources (Uses)</i>	<u>1,803</u>	<u>0</u>	<u>0</u>	<u>1,803</u>
<i>Net Change in Fund Balances</i>	107,197	(60,290)	(9,197)	37,710
<i>Fund Balances Beginning of Year</i>	<u>807,465</u>	<u>502,756</u>	<u>278,878</u>	<u>1,589,099</u>
<i>Fund Balances End of Year</i>	<u><u>\$914,662</u></u>	<u><u>\$442,466</u></u>	<u><u>\$269,681</u></u>	<u><u>\$1,626,809</u></u>

See accompanying notes to the basic financial statements

**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

*Reconciliation of the Statement of Cash Receipts, Disbursements and Changes
in Cash Basis Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2006*

Net Change in Fund Balances - Total Governmental Funds	<u>\$37,710</u>
<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$37,710</u></u>

See accompanying notes to the basic financial statements

**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts			(Optional) Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts				
Property and Other Local Taxes	\$281,295	\$263,232	\$268,903	\$5,671
Intergovernmental	886,420	886,420	904,963	18,543
Patron Fines and Fees	28,300	28,300	29,509	1,209
Contributions, Gifts and Donations	300	300	470	170
Earnings on Investments	30,300	30,300	61,004	30,704
Miscellaneous	15,000	15,000	12,214	(2,786)
<i>Total receipts</i>	<u>1,241,615</u>	<u>1,223,552</u>	<u>1,277,063</u>	<u>53,511</u>
Disbursements				
Current:				
Library Services:				
Public Service and Programs	799,363	813,242	803,432	9,810
Collection Development and Processing	276,299	260,296	228,190	32,106
Support Services:				
Facilities Operation and Maintenance	90,253	96,184	84,786	11,398
Information Services	6,000	10,900	9,938	962
Business Administration	67,900	70,950	51,912	19,038
Capital Outlay	3,000	3,000	1,344	1,656
<i>Total Disbursements</i>	<u>1,242,815</u>	<u>1,254,572</u>	<u>1,179,602</u>	<u>74,970</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,200)</u>	<u>(31,020)</u>	<u>97,461</u>	<u>128,481</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	1,200	1,200	1,803	603
<i>Total Other Financing Sources (Uses)</i>	<u>1,200</u>	<u>1,200</u>	<u>1,803</u>	<u>603</u>
<i>Net Change in Fund Balance</i>	0	(29,820)	99,264	129,084
<i>Fund Balance Beginning of Year</i>	796,808	796,808	796,808	0
Prior Year Encumbrances Appropriated	10,657	10,657	10,657	0
<i>Fund Balance End of Year</i>	<u>\$807,465</u>	<u>\$777,645</u>	<u>\$906,729</u>	<u>\$129,084</u>

See accompanying notes to the basic financial statements

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WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY
Statement of Net Assets - Cash Basis
December 31, 2005

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,589,099</u>
<i>Total Assets</i>	<u><u>\$1,589,099</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$781,634
Unrestricted	<u>807,465</u>
<i>Total Net Assets</i>	<u><u>\$1,589,099</u></u>

See accompanying notes to the basic financial statements

WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2005

	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
	Charges for Services and Sales	
Cash Disbursements		Governmental Activities
Governmental Activities		
Library Services:		
Public Service and Programs	\$784,149	(\$758,696)
Collection Development and Processing	225,975	(225,975)
Support Services:		
Facilities Operation and Maintenance	51,206	(46,294)
Information Services	9,287	(9,287)
Business Administration	84,076	(84,076)
Capital Outlay	301,189	(301,189)
<i>Total Governmental Activities</i>	<u>\$1,455,882</u>	<u>(1,425,517)</u>
General Receipts		
Property Taxes		246,216
Unrestricted Gifts and Contributions		450
Grants and Entitlements not Restricted to Specific Programs		917,027
Sale of Capital Assets		1,625
Interest		34,734
Miscellaneous		15,949
<i>Total General Receipts</i>		<u>1,216,001</u>
Change in Net Assets		(209,516)
<i>Net Assets Beginning of Year</i>		<u>1,798,615</u>
<i>Net Assets End of Year</i>		<u>\$1,589,099</u>

See accompanying notes to the basic financial statements

WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	General	Building Improvement Fund	Automation Fund	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$807,465	\$502,756	\$278,878	\$1,589,099
<i>Total Assets</i>	<u>\$807,465</u>	<u>\$502,756</u>	<u>\$278,878</u>	<u>\$1,589,099</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$10,657	\$78,901	\$1,200	\$90,758
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	796,808			796,808
Capital Projects Funds		423,855	277,678	701,533
<i>Total Fund Balances</i>	<u>\$807,465</u>	<u>\$502,756</u>	<u>\$278,878</u>	<u>\$1,589,099</u>

See accompanying notes to the basic financial statements

**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2005*

Total Governmental Fund Balances	<u>\$1,589,099</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$1,589,099</u></u>

See accompanying notes to the basic financial statements

**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005*

	General	Building Improvement Fund	Automation Fund	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$246,216			\$246,216
Intergovernmental	917,027			917,027
Patron Fines and Fees	30,365			30,365
Contributions, Gifts and Donations	450			450
Earnings on Investments	34,734			34,734
Miscellaneous	15,949			15,949
<i>Total Receipts</i>	<u>1,244,741</u>	<u>0</u>	<u>0</u>	<u>1,244,741</u>
Disbursements				
Current:				
Library Services:				
Public Service and Programs	784,149			784,149
Collection Development and Processing	225,975			225,975
Support Services:				
Facilities Operation and Maintenance	51,206			51,206
Information Services	9,287			9,287
Business Administration	84,076			84,076
Capital Outlay		292,970	8,219	301,189
<i>Total Disbursements</i>	<u>1,154,693</u>	<u>292,970</u>	<u>8,219</u>	<u>1,455,882</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>90,048</u>	<u>(292,970)</u>	<u>(8,219)</u>	<u>(211,141)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	1,625			1,625
<i>Total Other Financing Sources (Uses)</i>	<u>1,625</u>	<u>0</u>	<u>0</u>	<u>1,625</u>
<i>Net Change in Fund Balances</i>	91,673	(292,970)	(8,219)	(209,516)
<i>Fund Balances Beginning of Year</i>	<u>715,792</u>	<u>795,726</u>	<u>287,097</u>	<u>1,798,615</u>
<i>Fund Balances End of Year</i>	<u><u>\$807,465</u></u>	<u><u>\$502,756</u></u>	<u><u>\$278,878</u></u>	<u><u>\$1,589,099</u></u>

See accompanying notes to the basic financial statements

**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

*Reconciliation of the Statement of Cash Receipts, Disbursements and Changes
in Cash Basis Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2005*

Net Change in Fund Balances - Total Governmental Funds	(\$209,516)
<i>Change in Net Assets of Governmental Activities</i>	<u><u>(\$209,516)</u></u>

See accompanying notes to the basic financial statements

**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2005*

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$274,668	\$246,928	\$246,216	(\$712)
Intergovernmental	920,990	920,990	917,027	(3,963)
Patron Fines and Fees	28,300	28,300	30,365	2,065
Contributions, Gifts and Donations	300	300	450	150
Earnings on Investments	27,300	27,300	34,734	7,434
Miscellaneous	15,000	15,000	15,949	949
<i>Total receipts</i>	<u>1,266,558</u>	<u>1,238,818</u>	<u>1,244,741</u>	<u>5,923</u>
Disbursements				
Current:				
Library Services:				
Public Service and Programs	829,435	821,610	784,149	37,461
Collection Development and Processing	281,870	270,623	234,652	35,971
Support Services:				
Facilities Operation and Maintenance	51,000	60,068	52,686	7,382
Information Services	6,000	10,425	9,287	1,138
Business Administration	96,453	104,853	84,576	20,277
Capital Outlay	3,000	3,000	-	3,000
<i>Total Disbursements</i>	<u>1,267,758</u>	<u>1,270,579</u>	<u>1,165,350</u>	<u>105,229</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,200)</u>	<u>(31,761)</u>	<u>79,391</u>	<u>111,152</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	1,200	1,200	1,625	425
<i>Total Other Financing Sources (Uses)</i>	<u>1,200</u>	<u>1,200</u>	<u>1,625</u>	<u>425</u>
<i>Net Change in Fund Balance</i>	-	(30,561)	81,016	111,577
<i>Fund Balance Beginning of Year</i>	712,971	712,971	712,971	-
Prior Year Encumbrances Appropriated	2,821	2,821	2,821	0
<i>Fund Balance End of Year</i>	<u>\$715,792</u>	<u>\$685,231</u>	<u>\$796,808</u>	<u>\$111,577</u>

See accompanying notes to the basic financial statements

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Wickliffe Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 1 – Description of the Library and Reporting Entity

The Wickliffe Public Library, Lake County, Ohio, (the Library) was organized as a school district public library in 1936 under the laws of the State of Ohio. The Library system has one main branch which is located at 1713 Lincoln Road, Wickliffe, Ohio 44092. The Library has its own Board of Trustees of seven members who are appointed by the Wickliffe City School District Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code (“ORC”) with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Clerk-Treasurer.

The Library is fiscally independent of the Wickliffe City School District Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Board of Education.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, “The Financial Reporting Entity,” the Library is considered to be a related organization of the Wickliffe City School District.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

The Friends of Wickliffe Public Library and Wickliffe Public Library Foundation are non-for-profit-organization with a self-appointed board. The Library is not financially accountable for the organizations, nor does the Library approve the budget or the issuance of debt of the organizations. Therefore, these organizations have been excluded from the reporting entity of the Library,

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

Wickliffe Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, the financial statements of the Wickliffe Public Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The most significant of the Library's accounting policies are described below.

A. Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Library as a whole. These statements include the financial activities of the Library. The statement of net assets presents the financial condition of the governmental activities of the Library at year end. Governmental activities generally are financed through taxes and intergovernmental receipts.

The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Library's general receipts.

Fund Financial Statements

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Library's funds are all classified as governmental.

Wickliffe Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 2 - Summary of Significant Accounting Policies (Continued)

Governmental Funds

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

Building Improvement Fund - The building improvement fund accounts for monies set aside by the Board of Library Trustees specifically for the purpose of repairing, improving, furnishing and equipping the existing library facility.

Automation Fund - The automation fund accounts for monies set aside by the Board of Library Trustees for specifically for computer technology system upgrades and enhancements.

C. Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Clerk Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Trustees during the year.

Wickliffe Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Cash and Cash Equivalents

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2006 and 2005, investments were limited to Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes and Victory Federal Market Mutual Fund. These investments are recorded at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2006 and 2005 amounted to \$61,004 and \$34,734.

F. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent encumbrances.

G. Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Fund Balance Reserves

The Library reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Wickliffe Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 3 – Accountability and Compliance

Change in Basis of Accounting

In 2004, the Library reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For the fiscal years 2006 and 2005, the Library has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column rather in a column for each fund type.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding for the general fund at December 31, 2006 and December 31, 2005 (budgetary basis) amounted to \$7,933 and \$10,657, respectively.

Note 5 – Deposits and Investments

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

Wickliffe Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 5 - Deposits and Investments (Continued)

4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Library by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Investments may only be made through specified dealers and institutions. Payment for investments, may be made only upon delivery of the securities representing the investment to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year-end 2006 and 2005, the Library had \$80 in undeposited cash on hand for petty cash purposes which is included as part of "Equity in Pooled cash and cash equivalents" on the financial statements.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end 2006 the carrying amount of the Library's deposits was \$36,999 and at fiscal year end 2005 the carrying amount of the Library's deposits was \$67,292. Of the Library bank balance of \$96,180 and \$125,088 for fiscal year end 2006 and 2005, respectively, \$0 and \$25,088 was uninsured and uncollateralized. Although the securities were held by the pledging institution's trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the Library to a successful claim by FDIC.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Wickliffe Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 5 - Deposits and Investments (Continued)

Investments

As of December 31, 2006 the Library had the following investments

Investment Type	Carrying Value Investment Maturities less than 1 year
Federal National Mortgage Association Notes	\$ 292,978
	249,563
	293,473
Federal Home Loan Mortgage Corporation Notes	294,276
Federal Home Loan Bank Notes	290,684
Victory Federal Market Mutual Fund	168,756
Total Investments	\$1,589,730

As of December 31, 2005 the Library had the following investments

Investment Type	Carrying Value Investment Maturities Less than 1 year
Federal National Mortgage Association Notes	\$ 294,546
Federal Home Loan Mortgage Corporation Notes	295,574
	295,518
	294,508
Victory Federal Market Mutual Fund	341,581
Total Investments	\$1,521,727

Interest Rate Risk: Interest rate risk arises because the fair value of the investment changes as interest rates change. The Library's investment policy addresses interest rate by requiring that the Library's investments be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term goals, thereby avoiding the need to sell securities prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk: The Library's investments were rated AAA by Moody's Investor Services.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Concentration of Risk: The Library places no limit on the amount that may be invested in any one issuer. The Library investments in FNMA, FHLMC, FHLB and Victory Federal Market Mutual Fund represent 53%, 18%, 18%, and 11%, respectively, in 2006. The Library investments in FNMA, FHLMC, and Victory Federal Market Mutual Fund represent 20%, 58%, and 22%, respectively, in 2005.

Wickliffe Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 6 - Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Wickliffe City School District. Real property tax receipts received in 2005 and 2006 represent the collection of 2004 and 2005 taxes, respectively. Real property taxes received in 2005 and 2006 were levied after October 1, 2004 and 2005, respectively, on the assessed values as of January 1, 2004 and 2005, respectively, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 and 2006 represent the collection of 2004 and 2005 taxes, respectively. Public utility real and tangible personal property taxes received in 2005 and 2006 became a lien on December 31, 2004 and 2005, were levied after October 1, 2004 and 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 and 2006 (other than public utility property) represent the collection of 2005 and 2006 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004 and 2005, respectively, on the true value as of December 31, 2004 and December 31, 2005, respectively. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Library operations for the year ended December 31, 2006 and December 31, 2005, was \$1.20 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 and 2005 property tax receipts were based are as follows:

	2006	2005
Real Property		
Residential	\$230,747,580	\$229,684,850
Commercial/Industrial/Mineral	75,645,450	70,129,550
Tangible Personal Property		
Business	31,817,672	44,422,800
Public Utility	8,010,760	8,779,460
Total Assessed Value	\$346,221,462	\$353,016,660

Wickliffe Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 7-Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006 & 2005, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Westfield Companies	Commercial Property	\$3,500,000
	Earthquake Coverage	3,797,052
	Valuable Papers	2,500,000
	General Liability	1,000,000
	Vehicle	1,000,000
	Computer Equipment	100,000
	Business Income	60,000
	Employee theft	10,000
	Umbrella Coverage	5,000,000
	Ohio Farmers Insurance Co.	Clerk/Treasurers Bond
Republic-Franklin Insurance Co.	Errors and Omissions	1,000,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Note 8- Defined Benefit Pension Plan

The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS Administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS, provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006 and 2005, the members of all three plans were required to contribute 9 and 8.5 percent, respectively of their annual covered salaries. The Library's contribution rate for pension benefits for 2006 and 2005 was 13.70 percent and 13.55 percent respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$93,017, \$96,106 and \$96,470 respectively; the full amount has been contributed for 2006, 2005, and 2004. No Library employee has a member-directed plan for 2006 and 2005.

Wickliffe Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 9 - Postemployment Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 and 2005 local government employer contribution rate were 13.70 percent and 13.55 percent respectively, of covered payroll; 4.50 percent and 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase .50 to 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,214 at December 31, 2006 and 358,804 at December 31, 2005. Actual employer contributions for 2006 and 2005 which were used to fund post-employment benefits were \$93,017 and \$96,106 respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006 and January 1, 2007, which will allow additional funds to be allocated to the health care plan.



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*

Wickliffe Public Library
Lake County
1713 Lincoln Road
Wickliffe, Ohio 44092

To the Library Board of Trustees:

We have audited the financial statements of the governmental activities, and each major fund of the Wickliffe Public Library, Lake County, Ohio, (the Library) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Library's basic financial statements and have issued our report thereon dated October 10, 2007, wherein we noted the Library revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. 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 opinions 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 a certain matter that we reported to the Library's management in a separate letter dated October 10, 2007.

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.

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

Mary Taylor, CPA
Auditor of State

October 10, 2007



Mary Taylor, CPA
Auditor of State

WICKLIFFE PUBLIC LIBRARY

LAKE 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
NOVEMBER 13, 2007**