



**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006



Mary Taylor, CPA
Auditor of State

ELYRIA PUBLIC LIBRARY
LORAIN COUNTY

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Mary Taylor, CPA

Auditor of State

Elyria Public Library
Lorain County
320 Washington Avenue
Elyria, Ohio 44035

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Mary Taylor, CPA
Auditor of State

July 15, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Elyria Public Library
Lorain County
320 Washington Avenue
Elyria, Ohio 44035

To the Board of Trustees:

We have audited the accompanying financial statements of Elyria Public Library, Lorain 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. 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 December 31, 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 of Elyria Public Library, Lorain County, Ohio, 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 July 15, 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

July 15, 2008

**ELYRIA PUBLIC LIBRARY
LORAIN 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**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$914,846	\$0	\$0	\$914,846
Library and Local Government Support	2,549,974			2,549,974
Patron Fines and Fees	107,291			107,291
Contributions, Gifts and Donations	42,788		24,425	67,213
Earnings on Investments	108,862	85,249	16,561	210,672
Miscellaneous	3,392			3,392
	<u>3,727,153</u>	<u>85,249</u>	<u>40,986</u>	<u>3,853,388</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries and Benefits	2,271,813		1,328	2,273,141
Purchased and Contractual Services	552,005	181,001	6	733,012
Library Materials and Information	490,415		10	490,425
Supplies	78,758			78,758
Other	25,117		99	25,216
Capital Outlay	65,346	150,834		216,180
	<u>3,483,454</u>	<u>331,835</u>	<u>1,443</u>	<u>3,816,732</u>
Total Cash Disbursements				
	<u>3,483,454</u>	<u>331,835</u>	<u>1,443</u>	<u>3,816,732</u>
Total Receipts Over/(Under) Disbursements	<u>243,699</u>	<u>(246,586)</u>	<u>39,543</u>	<u>36,656</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements				
	243,699	(246,586)	39,543	36,656
Fund Cash Balances, January 1	1,191,566	2,443,871	347,890	3,983,327
Fund Cash Balances, December 31	<u><u>\$1,435,265</u></u>	<u><u>\$2,197,285</u></u>	<u><u>\$387,433</u></u>	<u><u>\$4,019,983</u></u>

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

**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

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

	Enterprise	Totals (Memorandum Only)
Operating Cash Receipts:		
Earnings on Investments	\$0	\$0
Contributions, Gifts and Donations		0
Total Operating Cash Receipts	0	0
Operating Cash Disbursements:		
Current:		0
Salaries and Benefits		0
Purchased and Contracted Services		0
Other Objects		0
Capital Outlay		0
Total Operating Cash Disbursements	0	0
Operating Income	0	0
Excess of Receipts Over Disbursements	0	0
Fund Cash Balances, January 1, 2007	1,000	1,000
Fund Cash Balances, December 31, 2007	\$1,000	\$1,000

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

**ELYRIA PUBLIC LIBRARY
LORAIN 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**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$975,539	\$0	\$0	\$975,539
Library and Local Government Support	2,565,311			2,565,311
Patron Fines and Fees	114,312			114,312
Contributions, Gifts and Donations	31,103		37,140	68,243
Earnings on Investments	99,176	81,925	13,458	194,559
Miscellaneous	4,257			4,257
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	3,789,698	81,925	50,598	3,922,221
Cash Disbursements:				
Current:				
Salaries and Benefits	2,179,533		20,001	2,199,534
Purchased and Contractual Services	521,815	5,000	517	527,332
Library Materials and Information	444,418		219	444,637
Supplies	66,774		170	66,944
Other	14,163		440	14,603
Capital Outlay	62,132	8,400		70,532
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	3,288,835	13,400	21,347	3,323,582
Total Receipts Over/(Under) Disbursements	500,863	68,525	29,251	598,639
Other Financing Receipts/(Disbursements):				
Transfers-In		250,000	29,000	279,000
Transfers-Out	(279,000)			(279,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(279,000)	250,000	29,000	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	221,863	318,525	58,251	598,639
Fund Cash Balances, January 1	969,703	2,125,346	289,639	3,384,688
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$1,191,566</u>	<u>\$2,443,871</u>	<u>\$347,890</u>	<u>\$3,983,327</u>

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

**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

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

	Enterprise	Totals (Memorandum Only)
Operating Cash Receipts:		
Earnings on Investments	\$0	\$0
Contributions		0
Total Operating Cash Receipts	0	0
Operating Cash Disbursements:		
Current:		0
Salaries and Benefits		0
Purchased and Contracted Services		0
Other Objects		0
Capital Outlay		0
Total Operating Cash Disbursements	0	0
Operating Income	0	0
Excess of Receipts Over Disbursements	0	0
Fund Cash Balances, January 1, 2006	1,000	1,000
Fund Cash Balances, December 31, 2006	\$1,000	\$1,000

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

**ELYRIA PUBLIC LIBRARY
LORAIN 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 Elyria Public Library, Lorain County, Ohio (the Library) as a body corporate and politic. The Library is an association library with a eight member Board of Trustees appointed by members of the association (self appointing) 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.

Corporate Account

The Library had a corporate account which contained monies donated to the Library. These funds have been moved into the general fund in 2006.

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

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.

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.

**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project fund:

Building Repair and Branch Operations Fund – used for the purpose of expanding, renovating, improving, furnishing and equipping the existing Library and its site.

3. 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 funds:

Project Read Fund – used for the operations and materials used in conjunction with the Library's adult tutoring program.

Endowment Fund – used for the purchase of library materials or as indicated by the directions of the donors.

Smith Bookmobile Fund – used to account for the interest earnings on the corpus of the trust. Use of the earnings is at the discretion of the Board of Trustees.

4. Enterprise Fund

This fund accounts for operations that are similar to private business enterprise where management intends to recover the significant cost of providing certain goods or services through user charges. The Library had the following significant enterprise fund:

Enterprise Fund – used to account for the lease revenues and expenditures which relate to the upkeep and maintenance of the building and parking areas.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund level of control.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

	2007	2006
Demand deposits	\$339,033	\$1,129,716
Certificates of deposit	3,073,127	2,299,293
Total deposits	3,412,160	3,429,009
STAR Ohio	607,973	554,518
Petty Cash, Change Cash	850	800
Total investments	608,823	555,318
Total deposits and investments	\$4,020,983	\$3,984,327

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

Investments:

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

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

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	\$3,821,687	\$3,727,153	(\$94,534)
Capital Projects	110,000	85,249	(\$24,751)
Permanent	81,300	40,986	(\$40,314)
Enterprise	2,000	0	(\$2,000)
Total	\$4,014,987	\$3,853,388	(\$161,599)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,751,645	\$3,483,454	\$268,191
Capital Projects	469,600	331,835	\$137,765
Permanent	65,634	1,443	\$64,191
Enterprise	1,000	0	\$1,000
Total	\$4,287,879	\$3,816,732	\$471,147

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,769,831	\$3,789,698	\$19,867
Capital Projects	275,000	331,925	56,925
Permanent	102,000	79,598	(22,402)
Enterprise	5,000	0	(5,000)
Total	\$4,151,831	\$4,201,221	\$49,390

**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

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

3. Budgetary Activity (Continued)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,635,000	\$3,567,835	\$67,165
Capital Projects	340,000	13,400	326,600
Permanent	33,812	21,347	12,465
Enterprise	1,000	0	1,000
Total	\$4,009,812	\$3,602,582	\$407,230

4. 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. The County Budget Commission allocates these funds to the Library based on a formula submitted by all the Lorain County libraries and approved by its Board of Directors. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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.

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% and 8.5%, 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.

**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

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

6. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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



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*

Elyria Public Library
Lorain County
320 Washington Avenue
Elyria, Ohio 44035

To the Board of Trustees:

We have audited the financial statements of the Elyria Public Library, Lorain County, Ohio, (the Library) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated July 15, 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 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.

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We noted certain matters that we reported to the Library's management in a separate letter dated July 15, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management and 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

July 15, 2008

**ELYRIA PUBLIC LIBRARY
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEARS ENDED DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	The Library maintained a separate corporate account and did not post receipts to the Library's funds.	Yes	



Mary Taylor, CPA
Auditor of State

ELYRIA PUBLIC LIBRARY

LORAIN 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
JULY 29, 2008