



**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2009-2008



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 44034

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 27, 2010

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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 the Elyria Public Library, Lorain County, Ohio, (the Library) as of and for the years ended December 31, 2009 and 2008. 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.

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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, 2009 and 2008 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, 2009 and December 31, 2008, 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 reserve for encumbrances of the Elyria Public Library, Lorain County, Ohio, as of December 31, 2009 and 2008, 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 27, 2010, 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 27, 2010

**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, 2009**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$964,157			\$964,157
Public Library Fund	2,028,819			2,028,819
Patron Fines and Fees	104,324			104,324
Contributions, Gifts and Donations	35,018		\$65,465	100,483
Earnings on Investments	13,835	\$29,998	1,757	45,590
Miscellaneous	9,684			9,684
	<u>3,155,837</u>	<u>29,998</u>	<u>67,222</u>	<u>3,253,057</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries	1,928,805		5,859	1,934,664
Employee Fringe Benefits	565,072		972	566,044
Purchased and Contractual Services	516,286	16,678	4	532,968
Library Materials and Information	409,522			409,522
Supplies	73,535			73,535
Other	16,827			16,827
Capital Outlay	10,730			10,730
	<u>3,520,777</u>	<u>16,678</u>	<u>6,835</u>	<u>3,544,290</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(364,940)</u>	<u>13,320</u>	<u>60,387</u>	<u>(291,233)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(364,940)	13,320	60,387	(291,233)
Fund Cash Balances, January 1	<u>1,506,884</u>	<u>1,866,820</u>	<u>386,670</u>	<u>3,760,374</u>
Fund Cash Balances, December 31	<u>\$1,141,944</u>	<u>\$1,880,140</u>	<u>\$447,057</u>	<u>\$3,469,141</u>
Reserve for Encumbrances, December 31	<u>\$55,397</u>	<u>\$0</u>	<u>\$0</u>	<u>\$55,397</u>

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
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Enterprise
Operating Cash Receipts:	
Earnings on Investments	\$0
Rental (Lease) Income	
	0
Total Operating Cash Receipts	0
Operating Cash Disbursements:	
Current:	
Salaries	
Employee Fringe Benefits	
Purchased and Contractual Services	
Library Materials and Information	
Supplies	
Other	
Capital Outlay	
	0
Total Operating Cash Disbursements	0
Operating Income	0
Fund Cash Balances, January 1	1,000
Fund Cash Balances, December 31	\$1,000
Reserve for Encumbrances, December 31	\$0

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, 2008**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Capital Projects	Permanent	
Cash Receipts:				
Property and Other Local Taxes	\$1,000,407			\$1,000,407
Public Library Fund	2,487,443			2,487,443
Patron Fines and Fees	103,732			103,732
Contributions, Gifts and Donations	40,152		\$34,960	75,112
Earnings on Investments	55,397	\$41,285	9,175	105,857
Miscellaneous	1,182	3	99	1,284
	3,688,313	41,288	44,234	3,773,835
Cash Disbursements:				
Current:				
Salaries	1,865,990		12,078	1,878,068
Employee Fringe Benefits	545,981		2,081	548,062
Purchased and Contractual Services	581,787		9,662	591,449
Library Materials and Information	811,019		900	811,919
Supplies	87,651		87	87,738
Other	27,221		25,129	52,350
Capital Outlay	63,798		60	63,858
Debt Service:				
	3,983,447	0	49,997	4,033,444
Total Receipts Over/(Under) Disbursements	(295,134)	41,288	(5,763)	(259,609)
Other Financing Receipts / (Disbursements):				
Transfers-In	430,000	58,247	5,000	493,247
Transfers-Out	(63,247)	(430,000)		(493,247)
	366,753	(371,753)	5,000	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	71,619	(330,465)	(763)	(259,609)
Fund Cash Balances, January 1	1,435,265	2,197,285	387,433	4,019,983
Fund Cash Balances, December 31	\$1,506,884	\$1,866,820	\$386,670	\$3,760,374
Reserve for Encumbrances, December 31	\$60,205	\$0	\$0	\$60,205

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
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Enterprise
Operating Cash Receipts:	
Earnings on Investments	\$0
Rental (Lease) Income	
	0
Total Operating Cash Receipts	0
Operating Cash Disbursements:	
Current:	
Salaries	
Employee Fringe Benefits	
Purchased and Contractual Services	
Library Materials and Information	
Supplies	
Other	
Capital Outlay	
	0
Total Operating Cash Disbursements	0
Operating Income	0
Fund Cash Balances, January 1	1,000
Fund Cash Balances, December 31	\$1,000
Reserve for Encumbrances, December 31	\$0

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, 2009 AND 2008**

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.

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. Deposits 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.

2. Capital Project Funds

These funds account 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 funds:

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

**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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 operation and materials 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 and distributions 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 (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. Equity in Pooled Deposits and Investments

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

	2009	2008
Demand deposits	\$104,717	\$41,414
Petty Cash, Change Cash	920	930
Total deposits	105,637	42,344
Money Market accounts	1,583,503	293,146
Certificates of deposit	1,781,000	2,801,657
STAR Ohio	0	624,227
Total investments	3,364,504	3,719,030
Total deposits and investments	\$3,470,141	\$3,761,374

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.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,196,046	\$3,155,837	(\$40,209)
Capital Projects	75,000	29,998	(45,002)
Enterprise	500	0	(500)
Permanent	24,800	67,222	42,422
Total	\$3,296,346	\$3,253,057	(\$43,289)

**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,157,459	\$3,576,174	\$581,285
Capital Projects	200,000	16,678	183,322
Enterprise	1,000	0	1,000
Permanent	78,986	6,835	72,151
Total	\$4,437,445	\$3,599,687	\$837,758

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,217,764	\$4,118,313	(\$99,451)
Capital Projects	208,247	99,535	(108,712)
Enterprise	4,000	0	(4,000)
Permanent	76,000	49,234	(26,766)
Total	\$4,506,011	\$4,267,082	(\$238,929)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,465,550	\$4,106,899	\$358,651
Capital Projects	590,000	430,000	160,000
Enterprise	1,000	0	1,000
Permanent	74,575	49,997	24,578
Total	\$5,131,125	\$4,586,896	\$544,229

4. GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the county's prior intangibles tax of PLF revenues, and its population. The Lorain County Budget Commission allocates these funds to the Library based on an agreement made between the Boards of Trustees of all Lorain County Library Trustees. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives. These revenues are reflected in the financial statements as Public Library Fund receipts.

**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)

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 Intergovernmental receipts. 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.

Tangible personal property assessments have been phased out. They were reduced to 6.25 percent for 2008, and zero for 2009. Tangible personal property tax is assessed by the property owners for 2008 and only against local and inter-exchange telephone companies for 2009, who must file a list of such 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.

7. 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 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2009.

8. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

9. Subsequent Events

The Library will receive levy income from the LaGrange Township for years 2010-2014.

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Mary Taylor, CPA

Auditor of State

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

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, 2009 and 2008, and have issued our report thereon dated July 27, 2010, 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. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 did note certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated July 27, 2010.

We intend this report solely for the information and use of management, the audit committee, Board of Trustees, and others within the Library. 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 27, 2010



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
SEPTEMBER 7, 2010**