



**TIFFIN-SENECA PUBLIC LIBRARY
SENECA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2007



Mary Taylor, CPA
Auditor of State

TIFFIN-SENECA PUBLIC LIBRARY
SENECA COUNTY

TABLE OF CONTENTS

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

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Mary Taylor, CPA Auditor of State

Tiffin-Seneca Public Library
Seneca County
77 Jefferson Street
Tiffin, Ohio 44883-2339

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

March 27, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Tiffin-Seneca Public Library
Seneca County
77 Jefferson Street
Tiffin, Ohio 44883-2339

To the Board of Trustees:

We have audited the accompanying financial statements of Tiffin-Seneca Public Library, Seneca County, (the Library) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described in Note 2, in accordance with the requirements of Governmental Accounting Standards Board Statement Number 34, the Library's Trust funds have been reclassified.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Tiffin-Seneca Public Library, Seneca County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 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

March 27, 2008

**TIFFIN-SENECA PUBLIC LIBRARY
SENECA COUNTY**

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

	All Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Library and Local Government Support	\$1,166,683				\$1,166,683
Patron Fines and Fees	41,590				41,590
Contributions, Gifts and Donations	41,747			\$20	41,767
Earnings on Investments	90,445		\$19,341		109,786
Miscellaneous	3,779				3,779
Total Cash Receipts	1,344,244		19,341	20	1,363,605
Cash Disbursements:					
Current:					
Salaries	739,092				739,092
Employee Fringe Benefits	200,731				200,731
Purchased and Contractual Services	141,339				141,339
Library Materials and Information	210,191				210,191
Supplies	33,800				33,800
Other	16,022				16,022
Capital Outlay	43,805				43,805
Total Cash Disbursements	1,384,980				1,384,980
Total Receipts Over/(Under) Disbursements	(40,736)		19,341	20	(21,375)
Fund Cash Balances, January 1	541,935	\$269,064	1,157,188	46,103	2,014,290
Fund Cash Balances, December 31	\$501,199	\$269,064	\$1,176,529	\$46,123	\$1,992,915

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

**TIFFIN-SENECA PUBLIC LIBRARY
SENECA COUNTY**

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

	All Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Library and Local Government Support	\$1,168,973				\$1,168,973
Patron Fines and Fees	44,363				44,363
Contributions, Gifts and Donations	54,263			\$40	54,303
Earnings on Investments	84,836				84,836
Miscellaneous	2,099				2,099
Total Cash Receipts	1,354,534			40	1,354,574
Cash Disbursements:					
Current:					
Salaries	711,517				711,517
Employee Fringe Benefits	187,367				187,367
Purchased and Contractual Services	138,078				138,078
Library Materials and Information	207,469				207,469
Supplies	25,080				25,080
Other	21,191				21,191
Capital Outlay	37,749				37,749
Total Cash Disbursements	1,328,451				1,328,451
Total Receipts Over Disbursements	26,083			40	26,123
Fund Cash Balances, January 1 (Restated)	515,852	\$269,064	\$1,157,188	46,063	1,988,167
Fund Cash Balances, December 31	\$541,935	\$269,064	\$1,157,188	\$46,103	\$2,014,290
Reserve for Encumbrances, December 31	\$27,800				\$27,800

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

**TIFFIN-SENECA PUBLIC LIBRARY
SENECA 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 Tiffin-Seneca Public Library, Seneca County, (the Library) as a body corporate and politic. The Library is directed by a seven-member Board of Trustees, four of whom are appointed by Seneca County Commissioners and three are appointed by the judge of the Court of Common Pleas. The Library provides the community with various educational and literary resources.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash

The Library values certificates of deposit at cost.

D. Fund Accounting

The Library uses fund accounting to segregate cash that is restricted as to use. The Library classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

Hixson Memorial Fund – This fund is used to account for all financial activity for the bequest received from Robert W. Hixson and is used as the Board of Trustees deem necessary.

**TIFFIN-SENECA PUBLIC LIBRARY
SENECA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

3. 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 fund:

Building and Repair Fund – This fund is used to account all financial activity for any building or repair improvements for the Library.

4. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Library's programs. The Library had the following significant permanent fund:

Junior Home Fund – This donation received from the Junior Home Alumni association is to be used for the purchase of books.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control.

A summary of 2007 and 2006 budgetary activity appears in Note 4.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

**TIFFIN-SENECA PUBLIC LIBRARY
SENECA COUNTY**

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

2. RECLASSIFICATION OF FUND BALANCE

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

	Special Revenue	Expendable Trust	Nonexpendable Trust	Permanent
Fund Balances as reported at December 31, 2005		\$269,064	\$46,063	
Reclassification of Fund Balances	\$269,064	(\$269,064)	(\$46,063)	\$46,063
Restated Fund Balances at January 1, 2006	<u>\$269,064</u>			<u>\$46,063</u>

3. EQUITY IN POOLED CASH

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

	2007	2006
Demand deposits	\$6,965	\$12,412
Certificates of deposit	1,985,950	2,001,878
Total deposits	<u>\$1,992,915</u>	<u>\$2,014,290</u>

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

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,309,234	\$1,344,244	\$35,010
Special Revenue	269,063		(269,063)
Capital Projects		19,341	19,341
Permanent	46,103	20	(46,083)
Total	<u>\$1,624,400</u>	<u>\$1,363,605</u>	<u>(\$260,795)</u>

**TIFFIN-SENECA PUBLIC LIBRARY
SENECA COUNTY**

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

4. BUDGETARY ACTIVITY – (CONTINUED)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,337,034	\$1,384,980	(\$47,946)
Special Revenue	268,000		268,000
Capital Projects	1,157,000		1,157,000
Permanent	45,000		45,000
Total	\$2,807,034	\$1,384,980	\$1,422,054

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,276,470	\$1,354,534	\$78,064
Special Revenue	269,063		(269,063)
Permanent	46,062	40	(46,022)
Total	\$1,591,595	\$1,354,574	(\$237,021)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,359,970	\$1,356,251	\$3,719
Special Revenue	268,000		268,000
Capital Projects	1,155,000		1,155,000
Permanent	45,000		45,000
Total	\$2,827,970	\$1,356,251	\$1,471,719

5. GRANTS-IN-AID

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

**TIFFIN-SENECA PUBLIC LIBRARY
SENECA COUNTY**

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

6. RETIREMENT SYSTEM

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.50% and 9%, respectively, of their gross salaries and the Library contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2007.

7. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

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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*

Tiffin-Seneca Public Library
Seneca County
77 Jefferson Street
Tiffin, Ohio 44883-2339

To the Board of Trustees:

We have audited the financial statements of the Tiffin-Seneca Public Library, Seneca County, (the Library) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated March 27, 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 and the Library reclassified its trust funds. 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 a certain matter that we reported to the Library's management in a separate letter dated March 27, 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 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

March 27, 2008



Mary Taylor, CPA
Auditor of State

TIFFIN-SENECA PUBLIC LIBRARY

SENECA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 10, 2008**