



**AMHERST PUBLIC LIBRARY
LORAIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006



Mary Taylor, CPA
Auditor of State

AMHERST PUBLIC LIBRARY
LORAIN COUNTY

TABLE OF CONTENTS

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

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Mary Taylor, CPA
Auditor of State

Amherst Public Library
Lorain County
221 Spring Street
Amherst, Ohio 44001

To the Board of Trustees:

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

Mary Taylor

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Auditor of State

August 8, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Amherst Public Library
Lorain County
221 Spring Street
Amherst, Ohio 44001

To the Board of Trustees:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described 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.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361
www.auditor.state.oh.us

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 Amherst Public Library, Lorain 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 August 8, 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

August 8, 2008

**AMHERST 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**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Local Taxes	\$304,315	\$0	\$0	\$304,315
Library and Local Government Support	812,505			812,505
Intergovernmental	40,734			40,734
Patron Fines and Fees	29,843			29,843
Contributions, Gifts and Donations	1,207	4,170		5,377
Earnings on Investments	14,225	43,526	60,084	117,835
Miscellaneous	2,336			2,336
Total Cash Receipts	1,205,165	47,696	60,084	1,312,945
Cash Disbursements:				
Current:				
Salaries	506,574			506,574
Employee Fringe Benefits	106,394			106,394
Purchased and Contractual Services	175,651			175,651
Library Materials and Information	202,673			202,673
Supplies	24,154			24,154
Other	7,762			7,762
Capital Outlay	30,531		14,696	45,227
Total Cash Disbursements	1,053,739	0	14,696	1,068,435
Total Receipts Over Disbursements	151,426	47,696	45,388	244,510
Other Financing Receipts / (Disbursements):				
Transfers-In		79,245	79,245	158,490
Transfers-Out	(158,490)			(158,490)
Total Other Financing Receipts / (Disbursements)	(158,490)	79,245	79,245	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(7,064)	126,941	124,633	244,510
Fund Cash Balances, January 1	\$190,580	\$844,207	\$1,174,339	\$2,209,126
Fund Cash Balances, December 31	\$183,516	\$971,148	\$1,298,972	\$2,453,636
Reserve for Encumbrances, December 31	\$0	\$0	\$0	\$0

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

**AMHERST 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**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Local Taxes	\$294,756	\$0	\$0	\$294,756
Library and Local Government Support	773,950			773,950
Intergovernmental	40,451			40,451
Patron Fines and Fees	29,427			29,427
Contributions, Gifts and Donations	350	910		1,260
Earnings on Investments	15,653	35,327	51,600	102,580
Miscellaneous	3,001			3,001
	1,157,588	36,237	51,600	1,245,425
Cash Disbursements:				
Current:				
Salaries	485,195			485,195
Employee Fringe Benefits	99,310			99,310
Purchased and Contractual Services	155,685			155,685
Library Materials and Information	162,664			162,664
Supplies	33,594			33,594
Other	2,887			2,887
Capital Outlay	46,680		15,902	62,582
	986,015	0	15,902	1,001,917
Total Receipts Over Disbursements	171,573	36,237	35,698	243,508
Other Financing Receipts / (Disbursements):				
Transfers-In		100,000	100,000	200,000
Transfers-Out	(200,000)			(200,000)
	(200,000)	100,000	100,000	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(28,427)	136,237	135,698	243,508
Fund Cash Balances, January 1	219,007	707,970	1,038,641	1,965,618
Fund Cash Balances, December 31	\$190,580	\$844,207	\$1,174,339	\$2,209,126
Reserve for Encumbrances, December 31	\$95,326	\$0	\$14,722	\$110,048

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

**Amherst 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 Amherst Public Library, Lorain County, (the Library) as a body corporate and politic. The Amherst Exempted Village Board of Education appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

B. Accounting Basis

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

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

C. Cash and Investments

The Library's accounting basis includes investments as fund balance. 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.

The investment in STAR Ohio (the State Treasurer's Investment Pool) is valued at amounts reported by the State Treasurer.

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.

**AMHERST PUBLIC LIBRARY
LORAIN COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund

This fund accounts 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:

Endowment Fund – This fund is comprised of small individual donations restricted by donors in memory of individuals whose names are placed on the Endowment Tree. Interest on the funds is unrestricted as to use.

3. Capital Projects Fund

This fund accounts for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant Capital Projects Fund:

Building and Repair Fund – used for the purpose of repairing, improving, furnishing and equipping the existing Amherst Public Library.

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.

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.

H. Total Columns

Total columns on the financial statements are captioned “(Memorandum Only)” to indicate that they are presented to facilitate financial analysis. Such data is not comparable to a consolidation.

**AMHERST PUBLIC LIBRARY
LORAIN COUNTY**

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

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	\$41,955	\$28,679
Petty Cash and Change	125	125
Total deposits	42,080	28,804
STAR Ohio	2,411,556	2,180,322
Total investments	2,411,556	2,180,322
Total deposits and investments	\$2,453,636	\$2,209,126

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

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

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	\$1,194,459	\$1,205,165	\$10,706
Special Revenue	5,000	126,941	121,941
Capital Projects	15,000	139,329	124,329
Total	\$1,214,459	\$1,471,435	\$256,976

**AMHERST PUBLIC LIBRARY
LORAIN COUNTY**

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

3. Budgetary Activity (Continued)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,384,326	\$1,212,229	\$172,097
Special Revenue	0	0	0
Capital Projects	64,722	14,696	50,026
Total	\$1,449,048	\$1,226,925	\$222,123

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,149,131	\$1,157,588	\$8,457
Special Revenue	10,000	136,237	126,237
Capital Projects	5,000	151,600	146,600
Total	\$1,164,131	\$1,445,425	\$281,294

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,323,637	\$1,281,341	\$42,296
Special Revenue	0	0	0
Capital Projects	50,000	30,624	19,376
Total	\$1,373,637	\$1,311,965	\$61,672

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 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 a formula agreed upon by all the Lorain County Library Trustees. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives. These revenues are reflected in the financial statements as Library and Local Government Support.

**AMHERST PUBLIC LIBRARY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(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. 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 9.5% and 9.0%, respectively, of their gross salaries and the Library contributed an amount equaling 13.85% and 13.70%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2007.

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.

The Library also makes available contributory health insurance for full-time employees through a private carrier. The Library's liability is limited to its share of the premiums paid.

7. Subsequent Events

Property Purchase

The Library purchased two adjacent properties for future use. The purchases occurred in January and May of 2008 and totaled approximately \$293,000.

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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*

Amherst Public Library
Lorain County
221 Spring Street
Amherst, Ohio 44001

To the Board of Trustees:

We have audited the financial statements of the Amherst Public Library, Lorain County, Ohio, (the Library) as of and for the years ended December 31, 2007 and December 31, 2006, and have issued our report thereon dated August 8, 2008 wherein we noted the Library prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. Government Auditing Standards considers this service to impair the Auditor of State's independence to audit the Library. However, Government Auditing Standards permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361
www.auditor.state.oh.us

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 certain matters that we reported to the Library's management in a separate letter dated August 8, 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.



Mary Taylor, CPA
Auditor of State

August 8, 2008



Mary Taylor, CPA
Auditor of State

AMHERST 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 11, 2008