



**Mary Taylor, CPA**  
Auditor of State



FAIRPORT HARBOR PUBLIC LIBRARY  
LAKE COUNTY

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**Mary Taylor, CPA**  
Auditor of State

Fairport Harbor Public Library  
Lake County  
335 Vine Street  
Fairport Harbor, Ohio 44077

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.

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**Mary Taylor, CPA**  
Auditor of State

January 25, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Fairport Harbor Public Library  
Lake County  
335 Vine Street  
Fairport Harbor, Ohio 44077

To the Board of Trustees:

We have audited the accompanying financial statements of the Fairport Harbor Public Library, Lake County, Ohio, (the Library) as of and for the years ended December 31, 2006 and December 31, 2005. 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, 2006 and December 31, 2005 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, 2006 and December 31, 2005, 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 the Fairport Harbor Public Library, Lake County, as of December 31, 2006 and December 31, 2005, 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 January 25, 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.

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

**Mary Taylor, CPA**  
Auditor of State

January 25, 2008



**FAIRPORT HARBOR PUBLIC LIBRARY  
LAKE COUNTY**

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

	All Fund Types			Totals (Memorandum Only)
	General	Capital Projects	Private Purpose Trust	
<b>Cash Receipts:</b>				
Other Government Grants-In-Aid	\$406,180	\$0	\$0	\$406,180
Patron Fines and Fees	3,528	0	0	3,528
Earnings on Investments	8,232	0	0	8,232
Contributions, Gifts and Donations	1,459	0	1,047	2,506
Miscellaneous Receipts	16,173	0	0	16,173
<b>Total Cash Receipts</b>	<b>435,572</b>	<b>0</b>	<b>1,047</b>	<b>436,619</b>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	260,473	0	0	260,473
Purchased and Contracted Services	55,221	0	0	55,221
Library Materials and Information	66,481	0	0	66,481
Supplies	6,732	0	0	6,732
Other Objects	1,179	0	0	1,179
Capital Outlay	6,023	895	0	6,918
<b>Total Cash Disbursements</b>	<b>396,109</b>	<b>895</b>	<b>0</b>	<b>397,004</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>39,463</b>	<b>(895)</b>	<b>1,047</b>	<b>39,615</b>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In	0	20,000	0	20,000
Transfers-Out	(20,000)	0	0	(20,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(20,000)</b>	<b>20,000</b>	<b>0</b>	<b>0</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>19,463</b>	<b>19,105</b>	<b>1,047</b>	<b>39,615</b>
Fund Cash Balances, January 1, 2006	221,462	35,585	10,578	267,625
<b>Fund Cash Balances, December 31, 2006</b>	<b>\$240,925</b>	<b>\$54,690</b>	<b>\$11,625</b>	<b>\$307,240</b>

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

**FAIRPORT HARBOR PUBLIC LIBRARY  
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	All Fund Types			Totals (Memorandum Only)
	General	Capital Projects	Private Purpose Trust	
<b>Cash Receipts:</b>				
Other Government Grants-In-Aid	\$399,789	\$0	\$0	\$399,789
Patron Fines and Fees	3,089	0	0	3,089
Earnings on Investments	6,371	0	0	6,371
Contributions, Gifts and Donations	1,760	0	100	1,860
Miscellaneous Receipts	2,039	0	0	2,039
<b>Total Cash Receipts</b>	<b>413,048</b>	<b>0</b>	<b>100</b>	<b>413,148</b>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	246,006	0	0	246,006
Purchased and Contracted Services	49,769	0	0	49,769
Library Materials and Information	71,951	0	0	71,951
Supplies	4,316	0	0	4,316
Other	1,955	0	0	1,955
Capital Outlay	3,526	26,967	0	30,493
<b>Total Cash Disbursements</b>	<b>377,523</b>	<b>26,967</b>	<b>0</b>	<b>404,490</b>
Total Cash Receipts Over/(Under) Cash Disbursements	35,525	(26,967)	100	8,658
Fund Cash Balances, January 1, 2005	185,937	62,552	10,478	258,967
<b>Fund Cash Balances, December 31, 2005</b>	<b>\$221,462</b>	<b>\$35,585</b>	<b>\$10,578</b>	<b>\$267,625</b>

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

**FAIRPORT HARBOR PUBLIC LIBRARY  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**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 Fairport Harbor Public Library, Lake County, (the Library) as a body corporate and politic. The Fairport Harbor Exempted Village School District 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.

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 investment purchases as disbursements or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library values certificates of deposit are valued at cost. Money market mutual funds are recorded at share values the mutual funds report.

**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 accounts for all financial resources except those required to be accounted for in another fund.

**2. Capital Project Fund**

This fund accounts for receipts restricted to acquiring or constructing major capital projects. The Library had the following significant capital project fund:

*Building Fund* - This fund is used to repair, improve, furnish and equip the Library.

**FAIRPORT HARBOR PUBLIC LIBRARY  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Private Purpose Trust Fund**

Private-Purpose trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Library's own programs. The Library had the following significant fiduciary funds:

*Memorial Expendable Trust Fund* - This fund accounts for donations for specific purposes received by the Library.

**E. Budgetary Process**

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

A summary of 2006 and 2005 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.

**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 follows:

	2006	2005
Demand deposits	\$15,954	\$5,148
Certificates of deposit	249,528	203,660
Total deposits	265,482	208,808
Money Market Investment	41,758	58,817
Total investments	41,758	58,817
Total deposits and investments	\$307,240	\$267,625

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

**Investments:** Investments in mutual funds are not evidenced by securities existing in physical or book-entry form.

**FAIRPORT HARBOR PUBLIC LIBRARY  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(CONTINUED)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2006 and December 31, 2005 follows:

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$637,133	\$416,109	\$221,024
Capital Projects	47,177	895	46,282
Private Purpose Trust	11,315	0	11,315
Total	\$695,625	\$417,004	\$278,621

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$450,000	\$377,523	\$72,477
Capital Projects	64,145	26,967	37,178
Private Purpose Trust	10,915	0	10,915
Total	\$525,060	\$404,490	\$120,570

**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 its population, circulation, and ratio of library material expenditures to total expenditures. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

**5. RETIREMENT SYSTEM**

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. The Ohio Revised Code prescribes retirement benefits for vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees as the Ohio Revised Code prescribes.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9 percent and 8.5 percent, respectively, of their gross salaries. The Library contributed an amount equaling 13.7 percent and 13.55 percent, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2006.

**FAIRPORT HARBOR PUBLIC LIBRARY  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(CONTINUED)**

**6. RISK MANAGEMENT**

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

Fairport Harbor Public Library  
Lake County  
335 Vine Street  
Fairport Harbor, Ohio 44077

To the Board of Trustees:

We have audited the financial statements of the Fairport Harbor Public Library, Lake County, Ohio, (the Library) as of and for the years ended December 31, 2006 and December 31, 2005, and have issued our report thereon dated January 25, 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.

### **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.

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**Mary Taylor, CPA**  
Auditor of State

January 25, 2008





**Mary Taylor, CPA**  
Auditor of State

**FAIRPORT HARBOR PUBLIC LIBRARY**

**LAKE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 7, 2008**