



**AMHERST PUBLIC LIBRARY  
LORAIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2009 & 2008**



**Mary Taylor, CPA**  
Auditor of State



**AMHERST PUBLIC LIBRARY  
LORAIN COUNTY**

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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*

**Mary Taylor, CPA**  
Auditor of State

July 15, 2010

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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, 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. 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.

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 2008, or its changes in financial position or cash flows, where applicable.

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, 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 15, 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 15, 2010



**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, 2009**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$269,235			\$269,235
Public Library Fund	741,011			741,011
Intergovernmental	71,093			71,093
Patron Fines and Fees	32,082			32,082
Contributions, Gifts and Donations	492	\$609		1,101
Earnings on Investments	1,409	2,158	\$5,453	9,020
Miscellaneous	6,020			6,020
	<u>1,121,342</u>	<u>2,767</u>	<u>5,453</u>	<u>1,129,562</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Salaries	529,652			529,652
Employee Fringe Benefits	126,661			126,661
Purchased and Contractual Services	153,374	449,586		602,960
Library Materials and Information	198,333			198,333
Supplies	34,195			34,195
Other	10,493			10,493
Capital Outlay	17,484		5,901	23,385
	<u>1,070,192</u>	<u>449,586</u>	<u>5,901</u>	<u>1,525,679</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	<u>51,150</u>	<u>(446,819)</u>	<u>(448)</u>	<u>(396,117)</u>
Fund Cash Balances, January 1	<u>349,976</u>	<u>942,541</u>	<u>1,033,640</u>	<u>2,326,157</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$401,126</b></u>	<u><b>\$495,722</b></u>	<u><b>\$1,033,192</b></u>	<u><b>\$1,930,040</b></u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$422,871</u>	<u>\$5,830</u>	<u>\$428,701</u>

*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  
ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Rental Income	<u>\$16,811</u>
Total Operating Cash Receipts	<u>16,811</u>
<b>Operating Cash Disbursements:</b>	
Current:	
Other	<u>10,238</u>
Total Operating Cash Disbursements	<u>10,238</u>
Operating Income	<u>6,573</u>
Fund Cash Balances, January 1	<u>5,630</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$12,203</u></u></b>

**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, 2008**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$295,377			\$295,377
Public Library Fund	853,129			853,129
Intergovernmental	45,704			45,704
Patron Fines and Fees	33,571			33,571
Contributions, Gifts and Donations	350	\$4,120		4,470
Earnings on Investments	6,753	24,816	\$28,084	59,653
Miscellaneous	3,355			3,355
	1,238,239	28,936	28,084	1,295,259
<b>Cash Disbursements:</b>				
Current:				
Salaries	536,233			536,233
Employee Fringe Benefits	103,549			103,549
Purchased and Contractual Services	155,457	57,543		213,000
Library Materials and Information	198,304			198,304
Supplies	36,849			36,849
Other	11,068			11,068
Capital Outlay	30,319		293,416	323,735
	1,071,779	57,543	293,416	1,422,738
Total Receipts Over/(Under) Disbursements	166,460	(28,607)	(265,332)	(127,479)
Fund Cash Balances, January 1	183,516	971,148	1,298,972	2,453,636
<b>Fund Cash Balances, December 31</b>	<b>\$349,976</b>	<b>\$942,541</b>	<b>\$1,033,640</b>	<b>\$2,326,157</b>
Reserve for Encumbrances, December 31	\$0	\$122,457	\$5,830	\$128,287

*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  
ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Rental Income	<u>\$12,178</u>
Total Operating Cash Receipts	<u>12,178</u>
<b>Operating Cash Disbursements:</b>	
Current:	
Other	<u>6,548</u>
Total Operating Cash Disbursements	<u>6,548</u>
Operating Income	<u>5,630</u>
Fund Cash Balances, January 1	<u>0</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$5,630</u></u></b>

*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, 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 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. 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.

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.

**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

**AMHERST PUBLIC LIBRARY  
LORAIN COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Library had the following significant Special Revenue Fund:

Endowment Fund – This fund is comprised of small individual donations restricted by the 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 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 Projects Fund:

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

**4. Enterprise Funds**

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Library had the following Enterprise Fund:

Rental Fund – This fund receives rental income on properties owned by the Library and uses that money to pay expenses related to the properties.

**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.

**AMHERST 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	\$46,229	\$32,470
Petty Cash and Change Fund	161	125
Certificates of Deposit	300,000	0
Total deposits	346,390	32,595
STAR Ohio	1,595,853	2,299,192
Total investments	1,595,853	2,299,192
Total deposits and investments	\$1,942,243	\$2,331,787

**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 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	\$1,108,408	\$1,121,342	\$12,934
Special Revenue	5,150	2,767	(2,383)
Capital Projects	15,450	5,453	(9,997)
Enterprise	15,608	16,811	1,203
Total	\$1,144,616	\$1,146,373	\$1,757

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,385,000	\$1,070,192	\$314,808
Special Revenue	872,457	872,457	0
Capital Projects	1,005,830	11,731	994,099
Enterprise	15,000	10,238	4,762
Total	\$3,278,287	\$1,964,618	\$1,313,669

**AMHERST PUBLIC LIBRARY  
LORAIN COUNTY**

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

**3. Budgetary Activity (Continued)**

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,242,038	\$1,238,239	(\$3,799)
Special Revenue	5,000	28,936	23,936
Capital Projects	15,000	28,084	13,084
Enterprise	12,000	12,178	178
Total	\$1,274,038	\$1,307,437	\$33,399

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,275,000	\$1,071,779	\$203,221
Special Revenue	180,000	180,000	0
Capital Projects	300,000	299,246	754
Enterprise	11,000	6,548	4,452
Total	\$1,766,000	\$1,557,573	\$208,427

**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 any additional revenues the Library receives. These revenues are reflected in the financial statements as Public Library Fund receipts.

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.



**AMHERST PUBLIC LIBRARY  
LORAIN COUNTY**

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

**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 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.

**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.

**Health Insurance**

The Library also makes available contributory health insurance for full-time and part-time employees who work over 25 hours a week through a private carrier. The Library's liability is limited to its share of the premiums paid.

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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 44074

To the Board of Trustees:

We have audited the financial statements of the Amherst Public Library, Lorain County, Ohio, (the Library) as of as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated July 15, 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 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 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 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 15, 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

July 15, 2010



**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 7, 2010**