



Mary Taylor, CPA  
Auditor of State



CONNEAUT PUBLIC LIBRARY  
ASHTABULA COUNTY

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# Mary Taylor, CPA

Auditor of State

Conneaut Public Library  
Ashtabula County  
304 Liberty Street  
Conneaut, Ohio 44030

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

October 17, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Conneaut Public Library  
Ashtabula County  
304 Liberty Street  
Conneaut, Ohio 44030

To the Board of Trustees:

We have audited the accompanying financial statements of Conneaut Public Library, Ashtabula 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 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 Conneaut Public Library, Ashtabula 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 October 17, 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

October 17, 2008



**CONNEAUT PUBLIC LIBRARY  
ASHTABULA COUNTY**

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

	<u>All Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Library and Local Government Support	\$556,586		\$556,586
Patron Fines and Fees	6,871		6,871
Services Provided to Other Entities	380		380
Contributions, Gifts and Donations	2,539		2,539
Earnings on Investments	26,550		26,550
Miscellaneous	13,730		13,730
	<hr/>		<hr/>
Total Cash Receipts	606,656	0	606,656
	<hr/>		<hr/>
<b>Cash Disbursements:</b>			
Current:			
Salaries	331,615		331,615
Employee Fringe Benefits	93,520		93,520
Purchased and Contractual Services	54,728		54,728
Library Materials and Information	101,226		101,226
Supplies	26,009		26,009
Other	10,984		10,984
Capital Outlay	19,207		19,207
	<hr/>		<hr/>
Total Cash Disbursements	637,289	0	637,289
	<hr/>		<hr/>
Total Receipts Over/(Under) Disbursements	(30,633)	0	(30,633)
	<hr/>		<hr/>
<b>Other Financing Receipts / (Disbursements):</b>			
Gain on the Sale of Investment	27,530		27,530
	<hr/>		<hr/>
Total Other Financing Receipts / (Disbursements)	27,530	0	27,530
	<hr/>		<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,103)		(3,103)
	<hr/>		<hr/>
Fund Cash Balances, January 1	628,752	137,551	766,303
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$625,649</u></b>	<b><u>\$137,551</u></b>	<b><u>\$763,200</u></b>

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

**CONNEAUT PUBLIC LIBRARY  
ASHTABULA COUNTY**

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

	<u>All Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Library and Local Government Support	\$555,511		\$555,511
Patron Fines and Fees	6,762		6,762
Services Provided to Other Entities	420		420
Contributions, Gifts and Donations	3,028		3,028
Earnings on Investments	24,225		24,225
Miscellaneous	14,037		14,037
	<hr/>		<hr/>
Total Cash Receipts	603,983	0	603,983
	<hr/>		<hr/>
<b>Cash Disbursements:</b>			
Current:			
Salaries	325,091		325,091
Employee Fringe Benefits	86,637		86,637
Purchased and Contractual Services	49,581		49,581
Library Materials and Information	82,962		82,962
Supplies	24,540		24,540
Other	13,042		13,042
Capital Outlay	11,037		11,037
	<hr/>		<hr/>
Total Cash Disbursements	592,890	0	592,890
	<hr/>		<hr/>
Total Receipts Over/(Under) Disbursements	11,093	0	11,093
	<hr/>		<hr/>
Fund Cash Balances, January 1	617,659	137,551	755,210
	<hr/>		<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$628,752</u></b>	<b><u>\$137,551</u></b>	<b><u>\$766,303</u></b>

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

**CONNEAUT PUBLIC LIBRARY  
ASHTABULA 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 Conneaut Public Library, Ashtabula County, (the Library) as a body corporate and politic. The City of Conneaut appoints a six-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 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 Library values certificates of deposit and common stock at cost. The fair value of the common stock is disclosed in Note 2.

**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 fund:

*Building Repair Fund* – This fund is subsidized by a transfer from the General Fund

**CONNEAUT PUBLIC LIBRARY  
ASHTABULA COUNTY**

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

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

**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, function, and object 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.

**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	\$648,880	\$651,766
Certificates of deposit	114,320	109,621
Total deposits	763,200	761,387
Common stock (at cost, fair value was \$12,237 December 31, 2006.)	0	4,916
Total investments	0	4,916
Total deposits and investments	\$763,200	\$766,303

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Library;

**Investments:** Phillip Dodge Corporation Stock (114 Shares) was donated to the Library in June 2000. Stock dividends are reported at the fair market value on the dividend distribution date. Watchovia Bank, NA was selected to serve as the transfer agent and registrar. The Phillip Dodge Corp Stock stock split over time and was partially exchanged for Cooper & Gold Stock also. All stock was sold in 2007 for a total sale of \$32,447.

**CONNEAUT PUBLIC LIBRARY  
ASHTABULA COUNTY**

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

**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	\$650,983	\$639,103	(\$11,880)
Capital Projects	0	0	0
Total	\$650,983	\$639,103	(\$11,880)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$661,112	\$637,289	\$23,823
Capital Projects	125,000	0	125,000
Total	\$786,112	\$637,289	\$148,823

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$594,643	\$603,983	\$9,340
Capital Projects	0	0	0
Total	\$594,643	\$603,983	\$9,340

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$602,200	\$592,890	\$9,310
Capital Projects	30,000	0	30,000
Total	\$632,200	\$592,890	\$39,310

**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 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.

**CONNEAUT PUBLIC LIBRARY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(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 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the Library contributed an amount equaling 13.77% and 13.7%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2007.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Conneaut Public Library has obtained commercial insurance for the following risks:

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

The Library also provides health insurance and dental and vision coverage to full time employees through NOLA

**7. RELATED ORGANIZATION**

The City of Conneaut is a charter municipal corporation duly organized and existing under the constitution and laws of the State of Ohio. The City may exercise all powers of local self-government and police powers to the extent not in conflict with applicable general laws.

The Conneaut Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the City of Conneaut. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the City for operational subsidies. Although the City does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the City of Conneaut, John Williams, Finance Director, 294 Main Street, Conneaut, Ohio 44030.

**8. SUBSEQUENT EVENTS**

The Ashtabula County District Library has filed a Notice of Appeal, Case No. 2007-T-964, with the State of Ohio's Board of Tax Appeals, September 21, 2007. The appeal challenges the decision of the Ashtabula County Budget Commission regarding the distribution of the County's Library and Local Government Support Fund (LLGSF), now called the Public Library Fund (PLF). This would change Conneaut's 2008 share from 14.8% (\$552,153 / \$3,730,766) to 13.85% (\$511,115 / \$3,730,766) for a dollar loss for 2008 of \$41,038 based on the most recently certified figures from the State of Ohio. Management believes the results of this case would not have a material effect on the financial statements.



# 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*

Conneaut Public Library  
Ashtabula County  
304 Liberty Street  
Conneaut, Ohio 44030

To the Board of Trustees:

We have audited the financial statements of the Conneaut Public Library, Ashtabula County, (the Library) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated October 17, 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 did note one noncompliance or other matters that we reported to the Library's management in a separate letter dated October 17, 2008

We intend this report solely for the information and use of the management and the 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

October 17, 2008





**Mary Taylor, CPA**  
Auditor of State

**CONNEAUT PUBLIC LIBRARY**

**ASHTABULA 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  
NOVEMBER 6, 2008**