



Dave Yost • Auditor of State

**LIBRARY ASSOCIATION OF SANDUSKY
ERIE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Library Association of Sandusky
Erie County
114 West Adams Street
Sandusky, Ohio 44870-2791

To the Board of Directors:

We have audited the accompanying statement of cash assets and net assets of the Library Association of Sandusky, Erie County, Ohio (the Library), and the related statement of cash support and revenue, expenses, and changes in net assets and statement of cash flows as of and for the years ended December 31, 2011 and 2010. 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 discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting generally accepted in the United States of America (GAAP).

In our opinion, the financial statements referred to above present fairly, in all material respects, the statement of cash assets and net assets of the Library Association of Sandusky, Erie County, Ohio, and the related statement of cash support and revenue, expenses, and changes in net assets and statement of cash flows as of December 31, 2011 and 2010, in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2013, 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 black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

April 19, 2013

**LIBRARY ASSOCIATION OF SANDUSKY
ERIE COUNTY**

**STATEMENT OF CASH ASSETS AND NET ASSETS - CASH BASIS
AS OF DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Current Assets		
Cash and Cash Equivalents	\$2,954,890	\$2,631,669
Investments	76,316	76,288
Cash and Cash Equivalents	<u>3,031,206</u>	<u>2,707,957</u>
Net Assets		
Permanently Restricted	1,263,512	1,112,742
Unrestricted	<u>1,767,694</u>	<u>1,595,215</u>
<i>Total Net Assets</i>	<u>\$3,031,206</u>	<u>\$2,707,957</u>

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

**LIBRARY ASSOCIATION OF SANDUSKY
ERIE COUNTY**

**STATEMENT OF CASH SUPPORT AND REVENUE, EXPENSES
AND CHANGES IN NET ASSETS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Unrestricted	Restricted	Total
Support and Revenue			
Library and Local Government Support	\$1,368,681		\$1,368,681
Property and Other Local Taxes	1,458,962		1,458,962
Intergovernmental	208,208	2,651	210,859
Patrons Fines and Fees	60,412		60,412
Services Provided to Other Entities	1,000		1,000
Contributions, Gifts and Donations	62,185		62,185
Earnings on Investments	13,146	\$104,716	117,862
Miscellaneous	19,129	4,708	23,837
	<u>3,191,723</u>	<u>112,075</u>	<u>3,303,798</u>
<i>Total Support and Revenue</i>			
Expenses			
Public Library Services and Programs			
Administration and General			
Salaries and Benefits	1,926,694		1,926,694
Purchased and Contractual Services	559,661	71,321	630,982
Library Materials and Information	214,706		214,706
Supplies	65,190		65,190
Other	15,393		15,393
Capital Outlay	79,567	56,000	135,567
	<u>2,861,211</u>	<u>127,321</u>	<u>2,988,532</u>
<i>Total Expenses</i>			
<i>Excess (Deficiency) of Support and Revenue Over (Under) Expenses</i>	330,512	(15,246)	315,266
Other Financing Sources (Uses)			
Sale of Fixed Assets	7,983		7,983
Transfers-In	3,984	170,000	173,984
Transfers-Out	(170,000)	(3,984)	(173,984)
	<u>(158,033)</u>	<u>166,016</u>	<u>7,983</u>
<i>Total Other Financing Sources (Uses)</i>			
<i>Change in Net Assets</i>	172,479	150,770	323,249
<i>Net Assets, Beginning of Year</i>	<u>1,595,215</u>	<u>1,112,742</u>	<u>2,707,957</u>
<i>Net Assets, End of Year</i>	<u>\$1,767,694</u>	<u>\$1,263,512</u>	<u>\$3,031,206</u>

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

**LIBRARY ASSOCIATION OF SANDUSKY
ERIE COUNTY**

**STATEMENT OF CASH SUPPORT AND REVENUE, EXPENSES
AND CHANGES IN NET ASSETS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Support and Revenue			
Library and Local Government Support	\$1,430,429		\$1,430,429
Property and Other Local Taxes	1,398,495		1,398,495
Intergovernmental	125,643		125,643
Patrons Fines and Fees	63,819		63,819
Services Provided to Other Entities	1,000		1,000
Contributions, Gifts and Donations	64,564		64,564
Earnings on Investments	17,727	\$91,532	109,259
Miscellaneous	27,558	1,000	28,558
	<u>3,129,235</u>	<u>92,532</u>	<u>3,221,767</u>
<i>Total Support and Revenue</i>			
Expenses			
Public Library Services and Programs			
Administration and General			
Salaries and Benefits	1,860,773		1,860,773
Purchased and Contractual Services	523,934	61,510	585,444
Library Materials and Information	217,158		217,158
Supplies	52,230		52,230
Other	17,244		17,244
Capital Outlay	49,070	70,922	119,992
	<u>2,720,409</u>	<u>132,432</u>	<u>2,852,841</u>
<i>Total Expenses</i>			
<i>Excess (Deficiency) of Support and Revenue Over (Under) Expenses</i>	408,826	(39,900)	368,926
Other Financing Sources (Uses)			
Transfers-In		184,416	184,416
Transfers-Out	(184,416)		(184,416)
	<u>(184,416)</u>	<u>184,416</u>	<u> </u>
<i>Total Other Financing Sources (Uses)</i>			
<i>Change in Net Assets</i>	224,410	144,516	368,926
<i>Net Assets, Beginning of Year</i>	<u>1,370,805</u>	<u>968,226</u>	<u>2,339,031</u>
<i>Net Assets, End of Year</i>	<u><u>\$1,595,215</u></u>	<u><u>\$1,112,742</u></u>	<u><u>\$2,707,957</u></u>

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

**LIBRARY ASSOCIATION OF SANDUSKY
ERIE COUNTY**

**STATEMENT OF CASH FLOWS - CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities		
Increase (Decrease) in Net Assets and Cash and Cash Equivalents	\$323,249	\$368,926
Cash Flows From Investing Activities	<u>(28)</u>	<u>(69)</u>
Net Increase in Cash and Cash Equivalents	323,221	368,857
Cash and Cash Equivalents as of Beginning of Year	<u>2,631,669</u>	<u>2,262,812</u>
Cash and Cash Equivalents as of End of Year	<u><u>\$2,954,890</u></u>	<u><u>\$2,631,669</u></u>

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

**LIBRARY ASSOCIATION OF SANDUSKY
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 – DESCRIPTION OF THE LIBRARY AND REPORTING ENTITY

The Library Association of Sandusky, Erie County, (the Library) opened in 1895 and was organized as an association library at that time under the laws of the State of Ohio. The Library is directed by a ten-member Board of Directors that are self-appointed. Appointments are for five-year terms and members serve without compensation. Under Ohio statutes, the Library is a corporation capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. The Library was organized under section 1713.28 of the Ohio Revised Code and is governed by the Library's Code of Regulations. The Library is a not-for-profit organization exempt from income tax under Section 501 of the U.S. Internal Revenue Code. The administration of the day-to-day operations of the Library is the responsibility of the Director and financial accountability being solely that of the Clerk-Treasurer.

The Library is independent of any other library hierarchy, but has been a member of Clevnet since 1986 (Cleveland Public Library's automated circulation system and online catalog). As an association library, the Library Association of Sandusky has no independent taxing authority. State law would allow the designation of a taxing authority, but our service area is spread out over four communities (the City of Sandusky, Perkins Township, the Village of Castalia, and the Village of Kelleys Island) and four schools districts (Sandusky, Perkins, Margareta, and Kelleys Island).

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. The Library participates in no jointly governed organizations and one public entity risk pool. Note 9 to the financial statements provide additional information for this entity. This organization is:

Public Entity Risk Pool:

Ohio Library Council Workers Compensation Group Rating Program – Group # 05-2001

The Sandusky Library and Follett House Museum Foundation is also associated with the Library. The Foundation is a separate non-profit corporation to serve for the benefit and services of the Library. The Foundation is managed by a board of directors consisting of nine members, four of whom serve as community members and four of whom are Library Board members and are appointed for limited terms. The Library is not financially accountable for the organization, nor does the Library approve the budget of the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Library's financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations* and is prepared in accordance with the cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses and purchases are recognized when cash is disbursed rather than when the obligation is incurred.

**LIBRARY ASSOCIATION OF SANDUSKY
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

B. Cash and Cash Equivalents

Cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. The Library's financial institution has completed a depository agreement with assets pledged as collateral.

During 2011 and 2010, investments were limited to STAR Ohio, nonnegotiable certificates of deposit and stock donated to the Library. Except for the donated stock and STAR Ohio these investments are recorded at cost. Stock is recorded at the value at the time of acquisition.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31.

The carrying amount of Library's deposits was \$2,954,890 and \$2,631,669 at December 31, 2011 and 2010, respectively.

The Library includes STAR Ohio as part of Cash and Cash Equivalents on the Financial Statements. The Library's investments at December 31, 2011 and 2010 were:

	2011	2010
STAR Ohio	372,473	372,264
Donated Common Stock	76,316	76,288
Total investments	\$448,789	\$448,552

C. Net Assets

Under SFAS No. 117, the Library is required to report information regarding its financial position and activities according to three classes of net assets. A description of the three net asset categories follows:

- Unrestricted net assets have no donor-imposed restrictions.
- Temporarily restricted net assets have donor-imposed restrictions that will expire in the future. There were no temporarily restricted net assets at December 31, 2011 and 2010.
- Permanently restricted net assets have donor-imposed restrictions which do not expire. Permanently restricted net assets at December 31, 2011 and 2010 were for purchase of library materials and capital projects.

**LIBRARY ASSOCIATION OF SANDUSKY
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

NOTE 3 - PROPERTY TAXES

The State Library of Ohio defines the service area of public libraries in terms of school districts. For the Library this service area covers the Sandusky City School District, Perkins Local School District, Margareta Local School District, and Kelleys Island Local School District. All the school districts except Margareta currently have voted levies to fund the Library.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library. The County Treasurer collects property tax on behalf of all taxing districts within the county, including those school districts with Library levies. The County Auditor periodically remits to taxing authorities their portion of taxes collected. The service area school districts forward any levy proceeds collected and remitted to them to the Library.

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 Revenues. 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 districts.

Property owners assess tangible personal property tax. These owners must file a list of tangible property to the County by each April 30.

NOTE 4 - LIBRARY AND LOCAL GOVERNMENT SUPPORT

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 total tax revenue credited to the State's general revenue fund during the preceding month. The County Budget Commission bases the amount for distribution on the needs of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

NOTE 5 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2011, the Library contracted with several companies for various types of insurance coverage as follows:

**LIBRARY ASSOCIATION OF SANDUSKY
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

NOTE 5 - RISK MANAGEMENT - (Continued)

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>
Cincinnati Insurance Company	Commercial Property:	
	Building – blanket - 2010	\$16,169,084
	Building – blanket – 2011	16,340,092
	Personal property – blanket - 2010	1,232,912
	Personal property – blanket – 2011	1,312,359
	Fine Arts - 2010	512,650
	Fine Arts – 2011	629,650
	Business Auto for 2011 and 2010:	
	Vehicle liability	1,000,000
	Crime for 2011 and 2010:	
	Employee dishonesty	500,000
	Other crime	100,000
	General Liability for 2011 and 2010:	
	General aggregate	2,000,000
	Personal and other liability	1,000,000
	Medical costs	5,000
	Workers Compensation for 2011 and 2010:	
	Each accident	1,000,000
	Umbrella – liability for 2011 and 2010	10,000,000
Chubb Group of Insurance Companies	Directors & Officers Liability and Entity Liability:	
	Aggregate for 2011 and 2010	5,000,000
	Per Claim for 2011 and 2010	1,000,000
Employment Practices Liability:		
	Aggregate for 2011 and 2010	5,000,000
	Per Claim for 2011 and 2010	1,000,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Plan Description - The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

**LIBRARY ASSOCIATION OF SANDUSKY
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

NOTE 6 – DEFINED BENEFIT PENSION PLAN – (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the years ended December 31, 2011 and 2010, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2010, member and employer contribution rates were consistent across all three plans.

The Library's 2011 and 2010 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010 and 2009 were \$201,832, \$199,364, and \$207,395, respectively; the full amount has been contributed for 2011, 2010, and 2009.

NOTE 7 - POSTEMPLOYMENT BENEFITS

Plan Description - OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment health care. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

To qualify for postemployment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment health care.

**LIBRARY ASSOCIATION OF SANDUSKY
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

NOTE 7 - POSTEMPLOYMENT BENEFITS – (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2011, local government employers contributed 14 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The amount of the employer contributions which was allocated to fund postemployment health care was 7 percent of covered payroll from January 1 through March 31, 2011, and 5.5 percent of covered payroll for the remainder of the year. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010.

The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan.

NOTE 8 – LEASES

The Library leases parking spaces, copiers and postage equipment under noncancelable leases. The Library disbursed \$17,411 to pay lease costs for the year ended December 31, 2011. The minimum future lease payments remaining on these leases are as follows:

Year	Amount
2012	\$11,791
2013	7,078
2014	951
2015	33
Total	<u>\$19,853</u>

NOTE 9 – INSURANCE POOL

The Library belongs to the Ohio Library Council Workers Compensation Group Rating Program, Group # 05-2001. The group includes other library members and its purpose is to obtain favorable premium ratings for the members in the group. The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs of the group. The Workers Compensation System administers and pays all claims.

NOTE 10 – CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Library Association of Sandusky
Erie County
114 West Adams Street
Sandusky, Ohio 44870-2791

To the Board of Directors:

We have audited the financial statements of the Library Association of Sandusky, Erie County, Ohio (the Library), as of and for the years ended December 31, 2011 and 2010 and have issued our report thereon dated April 19, 2013, wherein we noted the Library uses a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with the 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 opinions 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*.

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www.ohioauditor.gov

Library Association of Sandusky
Erie County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management, the audit committee, the Board of Directors, and others within the Library. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

April 19, 2013



Dave Yost • Auditor of State

LIBRARY ASSOCIATION OF SANDUSKY

ERIE 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
MAY 9, 2013