



Mary Taylor, CPA
Auditor of State

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY**

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Mary Taylor, CPA

Auditor of State

Geauga County Public Library
Geauga County
12701 Ravenwood Drive
Chardon, Ohio 44024

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

August 20, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Geauga County Public Library
Geauga County
12701 Ravenwood Drive
Chardon, Ohio 44024)

To the Board of Trustees:

We have audited the accompanying financial statements of Geauga County Public Library, Geauga County, Ohio, (the Library) as of and for the years ended December 31, 2007 and December 31, 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.

During 2006, the Library changed its financial statement presentation method to conform to presentation methods the Auditor of State prescribes or permits.

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 and reserves for encumbrances of Geauga County Public Library, Geauga County, Ohio, as of December 31, 2007 and December 31, 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2008, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

August 20, 2008

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY**

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Local Taxes	\$2,075,517	\$0	\$0	\$0	\$2,075,517
Intergovernmental	3,650,087	60,827	0	0	3,710,914
Patron Fines and Fees	231,144	0	0	0	231,144
Services Provided to Other Entities	18,260	0	0	0	18,260
Contributions, Gifts and Donations	25,129	0	0	0	25,129
Earnings on Investments	44,103	0	0	0	44,103
Miscellaneous	15,177	0	0	0	15,177
Total Cash Receipts	6,059,417	60,827	0	0	6,120,244
Cash Disbursements:					
Current:					
Salaries	3,102,242	0	0	0	3,102,242
Employee Fringe Benefits	658,507	0	0	0	658,507
Purchased and Contractual Services	832,943	0	0	0	832,943
Library Materials and Information	853,247	0	0	0	853,247
Supplies	157,870	1,144	0	0	159,014
Other	19,044	0	0	0	19,044
Capital Outlay	74,517	2,479	0	33,713	110,709
Debt Service:					
Redemption of Principal	0	0	200,000	0	200,000
Interest and Other Fiscal Charges	0	0	24,412	0	24,412
Total Cash Disbursements	5,698,370	3,623	224,412	33,713	5,960,118
Total Receipts Over/(Under) Disbursements	361,047	57,204	(224,412)	(33,713)	160,126
Other Financing Receipts / (Disbursements):					
Transfers-In	0	0	126,568	0	126,568
Transfers-Out	(126,568)	0	0	0	(126,568)
Total Other Financing Receipts / (Disbursements)	(126,568)	0	126,568	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	234,479	57,204	(97,844)	(33,713)	160,126
Fund Cash Balances, January 1, 2007	436,053	0	224,464	33,713	694,230
Fund Cash Balances, December 31, 2007	\$670,532	\$57,204	\$126,620	\$0	\$854,356
Reserve for Encumbrances, December 31, 2007	\$132,114	\$5,031	\$0	\$0	\$137,145

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

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY**

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Local Taxes	\$2,073,278	\$0	\$0	\$0	\$2,073,278
Intergovernmental	3,603,620	20,000	0	0	3,623,620
Patron Fines and Fees	228,570	0	0	0	228,570
Services Provided to Other Entities	8,025	0	0	0	8,025
Contributions, Gifts and Donations	29,189	0	0	0	29,189
Earnings on Investments	43,616	0	0	0	43,616
Miscellaneous	9,772	0	0	0	9,772
Total Cash Receipts	5,996,070	20,000	0	0	6,016,070
Cash Disbursements:					
Current:					
Salaries	2,981,447	0	0	0	2,981,447
Employee Fringe Benefits	696,442	0	0	0	696,442
Purchased and Contractual Services	783,624	20,658	0	4,518	808,800
Library Materials and Information	982,843	10,968	0	0	993,811
Supplies	163,676	1,867	0	0	165,543
Other	17,217	0	0	0	17,217
Capital Outlay	43,666	4,213	0	111,346	159,225
Debt Service:					
Redemption of Principal	0	0	200,000	0	200,000
Interest and Other Fiscal Charges	0	0	19,760	0	19,760
Total Cash Disbursements	5,668,915	37,706	219,760	115,864	6,042,245
Total Receipts Over/(Under) Disbursements	327,155	(17,706)	(219,760)	(115,864)	(26,175)
Other Financing Receipts / (Disbursements):					
Transfers-In	0	0	224,412	0	224,412
Transfers-Out	(224,412)	0	0	0	(224,412)
Total Other Financing Receipts / (Disbursements)	(224,412)	0	224,412	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	102,743	(17,706)	4,652	(115,864)	(26,175)
Fund Cash Balances, January 1, 2006	333,310	17,706	219,812	149,577	720,405
Fund Cash Balances, December 31, 2006	\$436,053	\$0	\$224,464	\$33,713	\$694,230
Reserve for Encumbrances, December 31, 2006	\$242,069	\$0	\$0	\$26,403	\$268,472

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

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

Geauga County Public Library, Geauga County, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a seven-member Board of Trustees; four trustees are appointed by Geauga County Commissioners and three by the Judge of the County Common Pleas Court. The Library provides the community with various educational and literary resources.

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

B. Accounting Basis

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

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

C. Cash and Investments

The Library's accounting basis includes investments as 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 common stock is valued at fair value when donated. Money market mutual funds are recorded at share values the mutual funds report.

From 1987 to 2003, 56 shares of Pacific Gas & Electric; 101 shares of Anadarko Petroleum; and 278 shares of National City Bank, were donated to the Library.

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.

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund

This fund accounts for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

LSTA Fund – This fund accounts for all activities related to a Library Services and Technology Act full grant award which the Library was awarded.

3. Debt Service Fund

This fund accounts for resources the Library accumulates to pay bond and note debt. The Library had the following significant Debt Service Fund:

Debt Service Fund – This fund is used to accumulate resources for the payment of bonds and notes indebtedness for the Administrative Offices.

4. Capital Project Fund

This fund accounts 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 and Repair Fund – This fund accounts for monies set aside by the Board of Library Trustees specifically for major capital and technology improvements.

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 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.

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY**

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

2. Equity in Pooled Cash and Investments

The Library maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2007	2006
Petty cash	\$675	\$675
Demand deposits	9,612	49
Total deposits and petty cash	10,287	724
Money market funds	826,057	675,494
Common stock (at fair value at time of donation)	18,012	18,012
Total investments	844,069	693,506
Total petty cash, deposits and investments	\$854,356	\$694,230

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 that exist in physical or book-entry form.

At December 31, 2007 and 2006, the fair value of the common stock the Library held was \$38,104 and \$40,560, respectively.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2007 and December 31, 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,921,908	\$6,059,417	\$137,509
Special Revenue	60,827	60,827	0
Debt Service	0	126,568	126,568
Capital Projects	0	0	0
Total	\$5,982,735	\$6,246,812	\$264,077

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,326,052	\$5,957,052	\$369,000
Special Revenue	60,827	8,654	52,173
Debt Service	224,412	224,412	0
Capital Projects	33,713	33,713	0
Total	\$6,645,004	\$6,223,831	\$421,173

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY**

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

3. Budgetary Activity (Continued)

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,970,205	\$5,996,070	\$25,865
Special Revenue	20,000	20,000	0
Debt Service	0	224,412	224,412
Capital Projects	0	0	0
Total	\$5,990,205	\$6,240,482	\$250,277

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,282,505	\$6,135,396	\$147,109
Special Revenue	37,706	37,706	0
Debt Service	219,760	219,760	0
Capital Projects	149,577	142,267	7,310
Total	\$6,689,548	\$6,535,129	\$154,419

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.

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 Other Governments' Grants In Aid.

Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

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

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY**

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

5. Debt

Debt outstanding at December 31, 2007 was as follows:

	Principal	Interest Rate
Financing Agreement	\$400,000	4.10%

In 1998, Geauga County agreed to serve as the conduit for \$2,000,000 to pay for construction costs of the Administrative Center. The interest and principal payments are due at the end of the County's note term. The financing agreement is collateralized by a leasing agreement. The financing agreement is in effect until the County has received payment in full.

6. Leases

The Library leases postage meters under noncancelable leases. The Library disbursed a total of \$8,400 to pay lease costs for the years ended December 31, 2007 and December 31, 2006. The future lease payment is as follows.

Year		Amount
2008		\$2,640
Total		\$2,640

In 2006, the Library entered into a lease-purchase agreement with Blue Bird Leasing for a bookmobile. The Library disbursed a total of \$52,806 to pay lease costs for the years ended December 31, 2007 and December 31, 2006. Future lease payments are as follows.

Year		Amount
2008		\$26,403
2009		26,403
2010		26,403
2011		26,403
2012		26,403
Total Payments		\$132,015
Less interest		18,427
Net Payments		\$113,588

7. 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 13.85% and 13.7%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2007.

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY**

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

8. Risk Management

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

- Comprehensive property and general liability;
- Errors and omissions;
- Fire and Theft; and
- Vehicles

The Library also provides health, life, and dental coverage to full-time employees through a private carrier.



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*

Geauga County Public Library
Geauga County
12701 Ravenwood Drive
Chardon, Ohio 44024)

To the Board of Trustees:

We have audited the financial statements of the Geauga County Public Library, Geauga County, Ohio, (the Library) as of and for the years ended December 31, 2007 and December 31, 2006, and have issued our report thereon dated August 20, 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 also noted in 2006, the Library changed its financial statement presentation method to conform to presentation methods the Auditor of State prescribes or permits. 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.

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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.

We noted a certain matter that we reported to the Library's management in a separate letter dated August 20, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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



Mary Taylor, CPA
Auditor of State

August 20, 2008



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GEAUGA COUNTY PUBLIC LIBRARY

GEAUGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 11, 2008**