



Mary Taylor, CPA
Auditor of State

PERRY PUBLIC LIBRARY
LAKE COUNTY

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Mary Taylor, CPA

Auditor of State

Perry Public Library
Lake County
3753 Main Street
Perry, Ohio 44081

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Mary Taylor, CPA
Auditor of State

October 21, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Perry Public Library
Lake County
3753 Main Street
Perry, Ohio 44081

To the Board of Trustees:

We have audited the accompanying financial statements of the Perry Public Library, Lake County, Ohio, (the Library) as of and for the years ended December 31, 2008 and December 31, 2007. 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, 2008 and December 31, 2007 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, 2008 and December 31, 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Perry Public Library, Lake County, Ohio, as of December 31, 2008 and December 31, 2007, 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 21, 2009, 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

October 21, 2009

**PERRY PUBLIC LIBRARY
LAKE 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**

	<u>All Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$438,603	\$0	\$0	\$438,603
Library and Local Government Support	416,544	0	0	416,544
Intergovernmental	138,549	0	0	138,549
Patron Fines and Fees	25,167	0	0	25,167
Services Provided to Other Entities	92	0	0	92
Earnings on Investments	7,878	5,097	2,922	15,897
Miscellaneous	11,630	2,293	0	13,923
	<u>1,038,463</u>	<u>7,390</u>	<u>2,922</u>	<u>1,048,775</u>
Total Cash Receipts				
	<u>1,038,463</u>	<u>7,390</u>	<u>2,922</u>	<u>1,048,775</u>
Cash Disbursements:				
Current:				
Salaries	487,861	0	0	487,861
Employee Fringe Benefits	147,945	0	0	147,945
Purchased and Contractual Services	128,275	2,920	25,798	156,993
Library Materials and Information	125,505	5,539	0	131,044
Supplies	18,725	0	0	18,725
Other	15,468	0	0	15,468
Capital Outlay	17,289	2,400	3,556	23,245
	<u>941,068</u>	<u>10,859</u>	<u>29,354</u>	<u>981,281</u>
Total Cash Disbursements				
	<u>941,068</u>	<u>10,859</u>	<u>29,354</u>	<u>981,281</u>
Total Receipts Over/(Under) Disbursements	<u>97,395</u>	<u>(3,469)</u>	<u>(26,431)</u>	<u>67,494</u>
Other Financing Receipts / (Disbursements):				
Sale of Fixed Assets	15	0	0	15
Transfers-In	0	0	20,000	20,000
Transfers-Out	(20,000)	0	0	(20,000)
Other Financing Uses	(8,450)	(311)	0	(8,761)
	<u>(28,435)</u>	<u>(311)</u>	<u>20,000</u>	<u>(8,746)</u>
Total Other Financing Receipts / (Disbursements)				
	<u>(28,435)</u>	<u>(311)</u>	<u>20,000</u>	<u>(8,746)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>68,960</u>	<u>(3,780)</u>	<u>(6,431)</u>	<u>58,748</u>
Fund Cash Balances, January 1, 2008	<u>220,634</u>	<u>187,343</u>	<u>113,304</u>	<u>521,282</u>
Fund Cash Balances, December 31, 2008	<u><u>\$289,594</u></u>	<u><u>\$183,563</u></u>	<u><u>\$106,873</u></u>	<u><u>\$580,030</u></u>
Reserve for Encumbrances, December 31, 2007	<u><u>\$13,803</u></u>	<u><u>\$378</u></u>	<u><u>\$4,470</u></u>	<u><u>\$18,651</u></u>

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

**PERRY PUBLIC LIBRARY
LAKE COUNTY**

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

	<u>All Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$513,527	\$0	\$0	\$513,527
Library and Local Government Support	473,845	0	0	473,845
Intergovernmental	76,026	0	0	76,026
Patron Fines and Fees	24,129	0	0	24,129
Services Provided to Other Entities	78	0	0	78
Earnings on Investments	32,465	11,979	8,573	53,016
Miscellaneous	12,114	300	0	12,414
	<u>1,132,184</u>	<u>12,279</u>	<u>8,573</u>	<u>1,153,035</u>
Total Cash Receipts				
	<u>1,132,184</u>	<u>12,279</u>	<u>8,573</u>	<u>1,153,035</u>
Cash Disbursements:				
Current:				
Salaries	431,967	0	0	431,967
Employee Fringe Benefits	120,922	0	0	120,922
Purchased and Contractual Services	132,194	2,336	474,857	609,387
Library Materials and Information	101,985	3,695	0	105,680
Supplies	18,008	0	0	18,008
Other	14,593	0	1,000	15,593
Capital Outlay	915,251	4,896	79,901	1,000,048
	<u>1,734,920</u>	<u>10,927</u>	<u>555,758</u>	<u>2,301,605</u>
Total Cash Disbursements				
	<u>1,734,920</u>	<u>10,927</u>	<u>555,758</u>	<u>2,301,605</u>
Total Receipts Over/(Under) Disbursements	<u>(602,736)</u>	<u>1,352</u>	<u>(547,185)</u>	<u>(1,148,569)</u>
Other Financing Receipts / (Disbursements):				
Transfers-In	0	0	20,000	20,000
Transfers-Out	(20,000)	0	0	(20,000)
Other Financing Uses	(18,110)	0	0	(18,110)
	<u>(38,110)</u>	<u>0</u>	<u>20,000</u>	<u>(18,110)</u>
Total Other Financing Receipts / (Disbursements)				
	<u>(38,110)</u>	<u>0</u>	<u>20,000</u>	<u>(18,110)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(640,847)</u>	<u>1,352</u>	<u>(527,185)</u>	<u>(1,166,680)</u>
Fund Cash Balances, January 1, 2007	<u>861,481</u>	<u>185,991</u>	<u>640,489</u>	<u>1,687,961</u>
Fund Cash Balances, December 31, 2007	<u><u>\$220,634</u></u>	<u><u>\$187,343</u></u>	<u><u>\$113,304</u></u>	<u><u>\$521,282</u></u>
Reserve for Encumbrances, December 31, 2007	<u><u>\$16,507</u></u>	<u><u>\$119</u></u>	<u><u>\$7,209</u></u>	<u><u>\$23,835</u></u>

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

**PERRY PUBLIC LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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 Perry Public Library, Lake County, Ohio, (the Library) as a body corporate and politic. The Library is an association library in which residents of Perry Township, Perry Village, and North Perry Village pay a one time \$1 fee to join. Members of the association elect a nine 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. 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.

The Library values certificates of deposit at cost. 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 for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

Connor Fund – This fund received a donation to be used for the purchase of scientific and/or philosophical literature and materials.

**PERRY PUBLIC LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects. The Library had the following significant Capital Project Fund:

Permanent Improvement Fund – This fund is used for the purpose of repairing, improving, furnishing, and equipping the library.

E. Budgetary Process

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

A summary of 2008 and 2007 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.

**PERRY PUBLIC LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(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:

	2008	2007
Demand deposits	\$8,046	\$16,921
Certificates of deposit	238,000	0
Total deposits	246,046	16,921
STAR Ohio	333,985	504,361
Total investments	333,985	504,361
Total deposits and investments	\$580,031	\$521,282

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, 2008 and December 31, 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,060,612	\$1,038,478	(\$22,134)
Special Revenue	13,700	7,390	(6,310)
Capital Projects	29,000	22,922	(6,078)
Total	\$1,103,312	\$1,068,790	(\$34,522)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,067,744	\$983,321	\$84,423
Special Revenue	11,400	11,548	(148)
Capital Projects	75,000	33,824	41,176
Total	\$1,154,144	\$1,028,693	\$125,451

**PERRY PUBLIC LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. Budgetary Activity (Continued)

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,124,870	\$1,132,184	\$7,314
Special Revenue	5,700	12,279	6,579
Capital Projects	26,000	28,573	2,573
Total	\$1,156,570	\$1,173,036	\$16,466

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,948,143	\$1,789,537	\$158,606
Special Revenue	21,581	11,046	10,535
Capital Projects	585,109	562,967	22,142
Total	\$2,554,833	\$2,363,550	\$191,283

4. Grants-In-Aid and Tax Receipts

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its population, circulation, and ratio of library material expenditures to total expenditures. The Budget Commission cannot reduce its allocation of these funds to the Library based on 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. 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 property taxes are levied after October 1, on the value as of December 31. Collections are made in the subsequent year. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

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

**PERRY PUBLIC LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(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 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, 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, 2008.

6. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

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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*

Perry Public Library
Lake County
3753 Main Street
Perry, Ohio 44081

To the Board of Trustees:

We have audited the financial statements of the Perry Public Library, Lake County, Ohio, (the Library) as of and for the years ended December 31, 2008 and December 31, 2007, 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 audit 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 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.

We noted certain matters that we reported to the Library's management in a separate letter dated October 21, 2009.

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.

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

October 21, 2009



Mary Taylor, CPA
Auditor of State

PERRY PUBLIC LIBRARY

LAKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 22, 2009**