
ALGER & ASSOCIATES, LLC



WICKLIFFE PUBLIC LIBRARY

LAKE COUNTY

REGULAR AUDIT

AAA

FOR THE YEARS ENDED

DECEMBER 31, 2010 & 2009



Dave Yost • Auditor of State

Board of Trustees
Wickliffe Public Library
1713 Lincoln Avenue
Wickliffe, Ohio 44092

We have reviewed the *Independent Accountants' Report* of the Wickliffe Public Library, Lake County, prepared by Alger & Associates, LLC, for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Wickliffe Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

July 11, 2011

**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

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ALGER & ASSOCIATES, LLC

Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT

Wickliffe Public Library
Lake County
1713 Lincoln Road
Wickliffe, Ohio 44092

To the Library Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, and each major fund, of Wickliffe Public Library, Lake County, Ohio (the Library) as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions 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 opinions.

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 principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, and each major fund, of the Wickliffe Public Library, Lake County, Ohio, as of December 31, 2010, and 2009 and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2011, 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

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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.

Generally accepting accounting principles also requires the Library to include Management's Discussion and Analysis for the years ended December 31, 2010 and 2009. 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 statement.

Alger & Associates, LLC
May 30, 2011

WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY
Statement of Net Assets - Cash Basis
December 31, 2010

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 2,669,870
<i>Total Assets</i>	\$ 2,669,870
 Net Assets	
Restricted for:	
Capital Projects	\$ 1,935,355
Unrestricted	734,515
<i>Total Net Assets</i>	\$ 2,669,870

See accompanying notes to the basic financial statements

**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**
*Statement of Activities - Cash Basis
For the Year Ended December 31, 2010*

	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Charges for Services and Sales	Governmental Activities
Governmental Activities		
Library Services		
Public Service and Programs	\$989,238	\$27,535
Collection Development & Processing	284,511	0
Support Services		
Facilities Operation & Maintenance	74,935	0
Information Services	4,348	0
Business Administration	42,987	0
Capital Outlay	39,503	0
Total Governmental Activities	\$1,435,522	\$27,535
General Receipts		
Property Taxes		\$803,754
Unrestricted Gifts and Contributions		140
Grants and Entitlements not Restricted to Specific Programs		694,081
Sale of Fixed Assets		1,085
Earnings on Investments		22,743
Miscellaneous		39,210
Total General Receipts		\$1,561,013
Change in Net Assets		\$153,026
<i>Net Assets Beginning of Year</i>		<i>2,516,844</i>
<i>Net Assets End of Year</i>		<i>\$2,669,870</i>

See accompanying notes to the basic financial statements

WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2010

	General Fund	Building Improvement Fund	Automation Fund	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$734,515	\$1,337,004	\$598,351	\$2,669,870
<i>Total Assets</i>	<u>\$734,515</u>	<u>\$1,337,004</u>	<u>\$598,351</u>	<u>\$2,669,870</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$10,953	\$5,000	\$0	15,953
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	723,562	0	0	723,562
Capital Projects Funds	0	1,332,004	598,351	1,930,355
<i>Total Fund Balances</i>	<u>\$734,515</u>	<u>\$1,337,004</u>	<u>\$598,351</u>	<u>2,669,870</u>

See accompanying notes to the basic financial statements

WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2010

Total Governmental Fund Balances	<u>\$2,669,870</u>
Net Assets of Governmental Activities	<u>\$2,669,870</u>

See accompanying notes to the basic financial statements

WICKLIFFE PUBLIC LIBRARY

LAKE COUNTY

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances

Governmental Funds

For the Year Ended December 31, 2010

	General Fund	Building Improvement Fund	Automation Fund	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$803,753	\$0	\$0	\$803,753
Public Library	694,082	0	0	694,082
Patron, Fines and Fees	27,535	0	0	27,535
Contributions, Gifts and Donations	140	0	0	140
Earnings on Investments	22,743	0	0	22,743
Miscellaneous	39,210	0	0	39,210
Total Receipts	1,587,463	0	0	1,587,463
Disbursements				
Current:				
Library Services				
Public Service and Programs	989,238	0	0	989,238
Collection Development & Processing	284,511	0	0	284,511
Support Services				
Facilities Operation & Maintenance	74,935	0	0	74,935
Information Services	4,348	0	0	4,348
Business Administration	42,987	0	0	42,987
Capital Outlay	0	30,891	8,612	39,503
Total Disbursements	1,396,019	30,891	8,612	1,435,522
Excess of Receipts Over (Under) Disbursements	191,444	(30,891)	(8,612)	151,941
Other Financing Sources				
Sale of Fixed Assets	1,085	0	0	1,085
Total Other Financing Sources	1,085	0	0	1,085
Net Change in Fund Balances	192,529	(30,891)	(8,612)	153,026
Fund Balances Beginning of Year	541,986	1,367,895	606,963	2,516,844
Fund Balances End of Year	\$734,515	\$1,337,004	\$598,351	\$2,669,870

See accompanying notes to the basic financial statements

WICKLIFFE PUBLIC LIBRARY

LAKE COUNTY

*Reconciliation of The Statement of Cash Receipts, Disbursements and Changes
in Cash Basis Fund Balances of Governmental Funds
to the Statement of Activities
December 31, 2010*

Net Change in Fund Balances - Total Governmental Funds	<u>\$153,026</u>
Change in Net Assets of Governmental Activities	<u><u>\$153,026</u></u>

See accompanying notes to the basic financial statements

**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund*

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$858,656	\$858,656	\$803,753	(54,903)
Public Library	674,588	674,588	694,082	19,494
Patron, Fines and Fees	27,500	27,500	27,535	35
Contributions, Gifts and Donations	300	300	140	(160)
Earnings on Investments	20,300	20,300	22,743	2,443
Miscellaneous	15,000	15,000	39,210	24,210
<i>Total receipts</i>	<u>1,596,344</u>	<u>1,596,344</u>	<u>1,587,463</u>	<u>(8,881)</u>
Disbursements				
Current:				
Library Services				
Public Service and Programs	1,020,800	1,024,800	989,238	35,562
Collection Development & Processing	332,127	341,727	284,799	56,928
Support Services				
Facilities Operation & Maintenance	112,758	120,212	84,601	35,611
Information Services	7,000	8,500	5,348	3,152
Business Administration	90,359	75,859	42,987	32,872
Capital Outlay	9,500	3,500	0	3,500
<i>Total Disbursements</i>	<u>1,572,544</u>	<u>1,574,598</u>	<u>1,406,973</u>	<u>167,625</u>
<i>Excess of Receipts Over Disbursements</i>	<u>23,800</u>	<u>21,746</u>	<u>180,490</u>	<u>158,744</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	1,200	1,200	1,085	(115)
Transfers Out	(25,000)	(25,000)	0	25,000
<i>Total Other Financing Sources (Uses)</i>	<u>(23,800)</u>	<u>(23,800)</u>	<u>1,085</u>	<u>24,885</u>
<i>Net Change in Fund Balance</i>	0	(2,054)	181,575	183,629
<i>Unencumbered Cash Balance Beginning of Year</i>	539,933	539,933	539,933	0
<i>Prior Year Encumbrances Appropriated</i>	<u>2,053</u>	<u>2,053</u>	<u>2,053</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$541,986</u>	<u>\$539,932</u>	<u>\$723,561</u>	<u>\$183,629</u>

See accompanying notes to the basic financial statements

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WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY
Statement of Net Assets - Cash Basis
December 31, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,516,844
<i>Total Assets</i>	<u><u>\$2,516,844</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$1,974,858
Unrestricted	541,986
<i>Total Net Assets</i>	<u><u>\$2,516,844</u></u>

See accompanying notes to the basic financial statements

WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	Cash Disbursements	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Governmental Activities
Governmental Activities			
Library Services			
Public Service and Programs	\$964,450	\$26,607	(\$937,843)
Collection Development & Processing	198,454	0	(198,454)
Support Services			
Facilities Operation & Maintenance	85,893	0	(85,893)
Information Services	4,460	0	(4,460)
Business Administration	44,094	0	(44,094)
Capital Outlay	32,368	0	(32,368)
Total Governmental Activities	\$1,329,719	\$26,607	(\$1,303,112)
General Receipts			
Property Taxes			\$881,619
Unrestricted Gifts and Contributions			825
Grants and Entitlements not Restricted to Specific Programs			735,070
Sale of Fixed Assets			967
Earnings on Investments			50,393
Miscellaneous			18,776
<i>Total General Receipts</i>			<i>\$1,687,650</i>
Change in Net Assets			\$384,538
<i>Net Assets Beginning of Year</i>			<i>2,132,306</i>
<i>Net Assets End of Year</i>			<i>\$2,516,844</i>

See accompanying notes to the basic financial statements

WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	General Fund	Building Improvement Fund	Automation Fund	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$541,986	\$1,367,895	\$606,963	\$2,516,844
<i>Total Assets</i>	<u>\$541,986</u>	<u>\$1,367,895</u>	<u>\$606,963</u>	<u>\$2,516,844</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$2,053	\$1,100	\$0	3,153
Reserved for Unclaimed Monies	0	0	0	0
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	539,933	0	0	539,933
Capital Projects Funds	0	1,366,795	606,963	1,973,758
<i>Total Fund Balances</i>	<u>\$541,986</u>	<u>\$1,367,895</u>	<u>\$606,963</u>	<u>\$2,516,844</u>

See accompanying notes to the basic financial statements

WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2009

Total Governmental Fund Balances	<u>\$2,516,844</u>
Net Assets of Governmental Activities	<u>\$2,516,844</u>
See accompanying notes to the basic financial statements	

WICKLIFFE PUBLIC LIBRARY

LAKE COUNTY

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances

Governmental Funds

For the Year Ended December 31, 2009

	General Fund	Building Improvement Fund	Automation Fund	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$881,619	\$0	\$0	\$881,619
Intergovernmental	735,070	0	0	735,070
Patron, Fines and Fees	26,607	0	0	26,607
Contributions, Gifts and Donations	825	0	0	825
Earnings on Investments	50,393	0	0	50,393
Miscellaneous	18,776	0	0	18,776
Total Receipts	1,713,290	0	0	1,713,290
Disbursements				
Current:				
Library Services				
Public Service and Programs	964,450	0	0	964,450
Collection Development & Processing	198,454	0	0	198,454
Support Services				
Facilities Operation & Maintenance	85,893	0	0	85,893
Information Services	4,460	0	0	4,460
Business Administration	44,094	0	0	44,094
Capital Outlay	0	26,620	5,748	32,368
Total Disbursements	1,297,351	26,620	5,748	1,329,719
Excess of Receipts Over/(Under) Disbursements	415,939	(26,620)	(5,748)	383,571
Other Financing Sources (Uses)				
Sale of Fixed Assets	967	0	0	967
Transfers In	0	300,000	100,000	400,000
Transfers Out	(400,000)	0	0	(400,000)
Total Other Financing (Uses)/Sources	(399,033)	300,000	100,000	967
Net Change in Fund Balances	16,906	273,380	94,252	384,538
Fund Balances Beginning of Year	525,080	1,094,515	512,711	2,132,306
Fund Balances End of Year	\$541,986	\$1,367,895	\$606,963	\$2,516,844

See accompanying notes to the basic financial statements

WICKLIFFE PUBLIC LIBRARY

LAKE COUNTY

*Reconciliation of The Statement of Cash Receipts, Disbursements and Changes
in Cash Basis Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2009*

Net Change in Fund Balances - Total Governmental Funds	<u>\$384,538</u>
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Change in Net Assets of Governmental Activities	<u><u>\$384,538</u></u>
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See accompanying notes to the basic financial statements

WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$886,464	\$823,938	\$881,619	\$57,681
Public Library	823,938	886,464	735,070	(151,394)
Patron, Fines and Fees	27,500	27,500	26,607	(893)
Contributions, Gifts and Donations	300	300	825	525
Earnings on Investments	30,300	30,300	50,393	20,093
Miscellaneous	12,000	12,000	18,776	6,776
<i>Total receipts</i>	1,780,502	1,780,502	1,713,290	(67,212)
Disbursements				
Current:				
Library Services				
Public Service and Programs	1,018,651	1,004,901	964,450	40,451
Collection Development & Processing	323,928	324,378	198,454	125,924
Support Services				
Facilities Operation & Maintenance	112,758	111,358	85,893	25,465
Information Services	7,000	7,000	4,460	2,540
Business Administration	93,859	92,259	44,094	48,165
Capital Outlay	9,500	9,500	0	9,500
<i>Total Disbursements</i>	1,565,696	1,549,396	1,297,351	252,045
<i>Excess of Receipts Over (Under) Disbursements</i>	214,806	231,106	415,939	184,833
Other Financing Sources (Uses)				
Sale of Fixed Assets	1,200	1,200	967	(233)
Transfers Out	(400,000)	(400,000)	(400,000)	0
<i>Total Other Financing Sources (Uses)</i>	(398,800)	(398,800)	(399,033)	(233)
<i>Net Change in Fund Balance</i>	(183,994)	(167,694)	16,906	184,600
<i>Unencumbered Cash Balance Beginning of Year</i>	524,130	524,130	524,130	0
<i>Prior Year Encumbrances Appropriated</i>	950	950	950	0
<i>Unencumbered Cash Balance End of Year</i>	\$341,086	\$357,386	\$541,986	\$184,600

See accompanying notes to the basic financial statements

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Wickliffe Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 1 – Description of the Library and Reporting Entity

The Wickliffe Public Library, Lake County, Ohio, (the Library) was organized as a school district public library in 1936 under the laws of the State of Ohio. The Library system has one main branch which is located at 1713 Lincoln Road, Wickliffe, Ohio 44092. The Library has its own Board of Trustees of seven members who are appointed by the Wickliffe City School District Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate 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. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code (“ORC”) with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The Library is fiscally independent of the Wickliffe City School District Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Board of Education.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, “The Financial Reporting Entity,” the Library is considered to be a related organization of the Wickliffe City School District.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

The Friends of Wickliffe Public Library and Wickliffe Public Library Foundation are non-for-profit-organization with a self-appointed board. The Library is not financially accountable for the organizations, nor does the Library approve the budget or the issuance of debt of the organizations. Therefore, these organizations have 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.

Wickliffe Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, the financial statements of the Wickliffe Public Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The most significant of the Library's accounting policies are described below.

A. Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Library as a whole. These statements include the financial activities of the Library. The statement of net assets presents the financial condition of the governmental activities of the Library at year end. Governmental activities generally are financed through taxes and intergovernmental receipts.

The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Library's general receipts.

Fund Financial Statements

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Library's funds are all classified as governmental.

Wickliffe Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

Governmental Funds

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

Building Improvement Fund - The building improvement fund accounts for monies set aside by the Board of Library Trustees specifically for the purpose of repairing, improving, furnishing and equipping the existing library facility.

Automation Fund - The automation fund accounts for monies set aside by the Board of Library Trustees for specifically for computer technology system upgrades and enhancements.

C. Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this 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 liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

Wickliffe Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies (Continued)

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Trustees during the year.

E. Cash and Cash Equivalents

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2010 and 2009, investments were limited to Federal Home Loan Bank Notes, Certificates of Deposit and Victory Federal Market Mutual Fund. These investments are recorded at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2010 and 2009 amounted to \$22,743 and \$50,393, respectively.

F. Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

H. Accumulated Leave

In certain circumstances; such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's cash basis of accounting.

I. Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Wickliffe Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010 and 2009

J. Long-Term Obligations

The Library's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

The Library had \$1,935,355 at December 31, 2010 and \$1,974,858 at December 31, 2009 restricted for capital projects.

L. Fund Balance Reserves

The Library reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

M. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund Transfers. Interfund Transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

N. Estimates

The cash basis of accounting used by the Library requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as expenditures by program type which cannot be specifically designated to a single program); accordingly, actual results could differ from those estimates.

Wickliffe Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding for the general fund at December 31, 2010 and December 31, 2009 (budgetary basis) amounted to \$15,953 and \$3,153, respectively.

Note 4 – Deposits and Investments

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

Wickliffe Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 4 – Deposits and Investments – (Continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer’s investment pool (STAR Ohio).

Protection of the Library’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Library by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investment to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year-end 2010 and 2009, the Library had \$80 in undeposited cash on hand for petty cash purposes which is included as part of “Equity in Pooled cash and cash equivalents” on the financial statements.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. Of the Library bank balance of \$2,209,053 and \$1,793,332 for fiscal year end 2010 and 2009, respectively, \$1,959,053 and \$793,332 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the Library’s name.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Wickliffe Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 4 – Deposits and Investments – (Continued)

Investments

As of December 31, 2010 the Library had the following investments

Investment Type	Carrying Value Investment Maturities less than 2 year
Victory Federal Market Mutual Fund	\$543,517

As of December 31, 2009 the Library had the following investments

Investment Type	Carrying Value Investment Maturities Less than 2 year
Federal Home Loan Bank Notes	\$ 250,000
Certificates of Deposit	600,000
Victory Federal Market Mutual Fund	543,361
Total Investments	\$1,393,361

Interest Rate Risk: Interest rate risk arises because the fair value of the investment changes as interest rates change. The Library’s investment policy addresses interest rate by requiring that the Library’s investments be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term goals, thereby avoiding the need to sell securities prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk: The Library’s investments were rated AAA by Moody’s Investor Services.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Concentration of Risk: The Library places no limit on the amount that may be invested in any one issuer. The Library investments in Victory Federal Market Mutual Fund represent 100% in 2010. The Library investments in FHLB, Certificates of Deposit and Victory Federal Market Mutual Fund represent 18%, 43%, and 39%, respectively, in 2009.

Wickliffe Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 5 - Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Wickliffe City School District. Real property tax receipts received in 2009 and 2010 represent the collection of 2008 and 2009 taxes, respectively. Real property taxes received in 2009 and 2010 were levied after October 1, 2008 and 2009, respectively, on the assessed values as of January 1, 2008 and 2009, respectively, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2009 and 2010 represent the collection of 2008 and 2009 taxes, respectively. Public utility real and tangible personal property taxes received in 2009 and 2010 became a lien on December 31, 2008 and 2009, were levied after October 1, 2008 and 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2009 and 2010 (other than public utility property) represent the collection of 2009 and 2010 taxes. Tangible personal property taxes received in 2009 were levied after October 1, 2008 and 2009, respectively, on the true value as of December 31, 2008 and December 31, 2009, respectively. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Library operations for the year ended December 31, 2010 and December 31, 2009, was \$2.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2010 and 2009 property tax receipts were based are as follows:

	2010	2009
Real Property		
Residential	\$224,789,590	\$251,885,940
Commercial/Industrial/Mineral	86,987,570	87,758,510
Tangible Personal Property		
General	257,380	514,760
Public Utility	7,079,840	6,286,570
Total Assessed Value	\$319,114,380	\$346,445,780

Wickliffe Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 6-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 2010 & 2009, the Library contracted with several companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Westfield Companies	Commercial Property	\$3,500,000
	Earthquake Coverage	3,797,052
	Valuable Papers	2,500,000
	General Liability	1,000,000
	Vehicle	1,000,000
	Computer Equipment	100,000
	Business Income	60,000
	Employee theft	10,000
	Umbrella Coverage	5,000,000
	Ohio Farmers Insurance Co.	Clerk/Treasurers Bond
Republic-Franklin Insurance Co.	Errors and Omissions	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.

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. The System administers and pays all claims.

Note 7- Defined Benefit Pension Plan

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% 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 that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to, but less than, the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

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.

Wickliffe Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 7- Defined Benefit Pension Plan – (continued)

Funding Policy – The Ohio Revised Code provides statutory authority for members and employer contributions and currently limits the employer contribution to a rate not to exceed 14.00% of covered payroll for state and local employer units.

Member contribution rate, as set in the Ohio Revised code, are not to exceed 10.00%. For the years ended December 31, 2010 and 2009, member and employer contribution rates were consistent across all three plans.

The Library's 2010 and 2009 contribution rate was 14.00%. The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of employer contributions allocated to health care in 2010 for members in the Traditional Plan was 5.50% from January 1, 2010 through February 28, 2010 and 5.00% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010. The portion allocated to health care in 2009 for members in the Traditional Plan and Combined Plan was 7.00% from January 1 through March 31, 2009 and 5.50% from April 1 through December 31, 2009. Employer contribution rates are actuarially determined.

The Library's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$93,258, \$90,474 and \$104,282 respectively. The full amounts have been contributed for 2010, 2009, and 2008. No Library employee has a member-directed plan for 2010 and 2009.

Note 8 - Postemployment Benefits

Plan Description – Ohio Public Employees retirement System (OPERS) administers three separate pension plans: The Traditional Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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 healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have ten years or more 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 mandate, OPERS to provide health care benefits to 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 provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-

Wickliffe Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010 and 2009

5601 or (800) 222-7377.

Note 8 - Postemployment Benefits – (continued)

Funding Policy – The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement 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.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010 and 2009, state and local employers contributed 14.00% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00% of covered payroll for state and local employer units.

Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care in 2010 for members in the Traditional Plan was 5.50% from January 1, 2010 through February 28, 2010 and 5.00% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010. The portion allocated to health care in 2009 for members in the Traditional Plan and Combined Plan was 7.00% from January 1 through March 31, 2009 and 5.50% from April 1 through December 31, 2009.

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 retiree’s surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Library’s contributions allocated to fund postemployment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$34,482, \$39,104, and \$51,141 respectively; 100% has been contributed for 2010, 2009 and 2008.

The Health Care Preservation Plan (“HCPP”) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Members and employer contribution rates increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.



ALGER & ASSOCIATES, LLC

Certified Public Accountants

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

Wickliffe Public Library
Lake County
1713 Lincoln Road
Wickliffe, Ohio 44092

To the Board of Trustees:

We have audited the financial statements of the governmental activities, and each major fund of the Wickliffe Public Library, Lake County, Ohio (the Library), as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Library's basic financial statements and have issued our report thereon dated May 30, 2011, wherein we noted the Library uses a comprehensive accounting basis other than generally accepted accounting principles. 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 internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter we reported to the Library's management in a separate letter dated May 30, 2011.

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 management, the Board and others within the Library. We intend it for no one other than these specified parties

Alger & Associates, LLC
May 30, 2011



Dave Yost • Auditor of State

WICKLIFFE 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
JULY 21, 2011