



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 black ink that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 25, 2010

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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, 2009 and 2008. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 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, 2009 and 2008 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, 2009 and 2008, 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 June 25, 2010, 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

June 25, 2010

**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, 2009**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$2,474,495	\$0	\$0	\$2,474,495
Intergovernmental	3,178,138	0	0	3,178,138
Patron Fines and Fees	162,870	0	0	162,870
Services Provided to Other Entities	18,959	0	0	18,959
Contributions, Gifts and Donations	15,006	0	0	15,006
Earnings on Investments	20,616	0	0	20,616
Miscellaneous	12,042	0	0	12,042
	<u>5,882,126</u>	<u>0</u>	<u>0</u>	<u>5,882,126</u>
Total Cash Receipts	5,882,126	0	0	5,882,126
Cash Disbursements:				
Current:				
Salaries	3,098,375	0	0	3,098,375
Employee Fringe Benefits	703,714	0	0	703,714
Purchased and Contractual Services	748,243	0	39,248	787,491
Library Materials and Information	856,773	0	0	856,773
Supplies	148,482	0	0	148,482
Other	13,989	0	0	13,989
Capital Outlay	25,412	0	26,403	51,815
Debt Service:				
Redemption of Principal	0	90,000	0	90,000
Interest and Other Fiscal Charges	0	7,683	0	7,683
	<u>5,594,988</u>	<u>97,683</u>	<u>65,651</u>	<u>5,758,322</u>
Total Cash Disbursements	5,594,988	97,683	65,651	5,758,322
Total Receipts Over/(Under) Disbursements	287,138	(97,683)	(65,651)	123,804
Other Financing Receipts / (Disbursements):				
Transfers-In	0	27,408	0	27,408
Transfers-Out	(27,408)	0	0	(27,408)
	<u>(27,408)</u>	<u>27,408</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts / (Disbursements)	(27,408)	27,408	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	259,730	(70,275)	(65,651)	123,804
Fund Cash Balances, January 1, 2009	632,249	97,975	320,531	1,050,755
Fund Cash Balances, December 31, 2009	<u>\$891,979</u>	<u>\$27,700</u>	<u>\$254,880</u>	<u>\$1,174,559</u>
Reserve for Encumbrances, December 31, 2009	<u>\$153,801</u>	<u>\$0</u>	<u>\$1,000</u>	<u>\$154,801</u>

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, 2008**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$2,491,597	\$0	\$0	\$0	\$2,491,597
Intergovernmental	3,707,279	6,708	0	0	3,713,987
Patron Fines and Fees	153,719	0	0	0	153,719
Services Provided to Other Entities	25,325	0	0	0	25,325
Contributions, Gifts and Donations	23,222	0	0	0	23,222
Earnings on Investments	35,417	0	0	0	35,417
Miscellaneous	15,984	0	0	0	15,984
Total Cash Receipts	6,452,543	6,708	0	0	6,459,251
Cash Disbursements:					
Current:					
Salaries	3,119,917	0	0	0	3,119,917
Employee Fringe Benefits	769,343	0	0	0	769,343
Purchased and Contractual Services	820,200	23,458	0	26,663	870,321
Library Materials and Information	924,083	0	0	0	924,083
Supplies	176,015	6,002	0	0	182,017
Other	17,044	0	0	0	17,044
Capital Outlay	166,301	34,452	0	52,806	253,559
Debt Service:					
Redemption of Principal	0	0	110,000	0	110,000
Interest and Other Fiscal Charges	0	0	16,568	0	16,568
Total Cash Disbursements	5,992,903	63,912	126,568	79,469	6,262,852
Total Receipts Over/(Under) Disbursements	459,640	(57,204)	(126,568)	(79,469)	196,399
Other Financing Receipts / (Disbursements):					
Transfers-In	0	0	97,923	400,000	497,923
Transfers-Out	(497,923)	0	0	0	(497,923)
Total Other Financing Receipts / (Disbursements)	(497,923)	0	97,923	400,000	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(38,283)	(57,204)	(28,645)	320,531	196,399
Fund Cash Balances, January 1, 2008	670,532	57,204	126,620	0	854,356
Fund Cash Balances, December 31, 2008	\$632,249	\$0	\$97,975	\$320,531	\$1,050,755
Reserve for Encumbrances, December 31, 2008	\$194,980	\$0	\$0	\$19,825	\$214,805

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, 2009 AND DECEMBER 31, 2008**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The 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 (which became PNC Bank in 2010), 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, 2009 AND DECEMBER 31, 2008
(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 and object level of control.

A summary of 2009 and 2008 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, 2009 AND DECEMBER 31, 2008
(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:

	2009	2008
Petty cash	\$675	\$675
Demand deposits	126,095	11,377
Total deposits and petty cash	126,770	12,052
Money market funds	1,029,777	1,020,691
Common stock (at fair value at time of donation)	18,012	18,012
Total investments	1,047,789	1,038,703
Total petty cash, deposits and investments	\$1,174,559	\$1,050,755

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, 2009 and 2008, the fair value of the common stock the Library held was \$28,827 and \$18,715, respectively.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and December 31, 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,743,721	\$5,882,126	\$138,405
Debt Service	0	27,408	27,408
Capital Projects	0	0	0
Total	\$5,743,721	\$5,909,534	\$165,813

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,158,577	\$5,776,197	\$382,380
Debt Service	97,975	97,683	292
Capital Projects	224,271	66,651	157,620
Total	\$6,480,823	\$5,940,531	\$540,292

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND DECEMBER 31, 2008
(Continued)**

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,418,475	\$6,452,453	\$33,978
Special Revenue	6,708	6,708	0
Debt Service	0	97,923	97,923
Capital Projects	400,000	400,000	0
Total	\$6,825,183	\$6,957,084	\$131,901

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,938,880	\$6,685,806	\$253,074
Special Revenue	68,881	63,912	4,969
Debt Service	126,620	126,568	52
Capital Projects	400,000	99,294	300,706
Total	\$7,534,381	\$6,975,580	\$558,801

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.

Tangible personal property tax is assessed by the property owners for 2008 and only against local and inter-exchange telephone companies for 2009, who must file a list of such 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, 2009 AND DECEMBER 31, 2008
(Continued)**

5. Debt

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Financing Agreement	\$200,000	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

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, 2009 and December 31, 2008. Future lease payments are as follows.

Year	Amount
2010	\$26,403
2011	26,403
2012	26,403
Total Payments	79,209
Less interest	11,056
Net Payments	\$68,153

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 2009 and 2008, OPERS members contributed 10%, 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, 2009.

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.

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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*

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, 2009 and 2008, and have issued our report thereon dated June 25, 2010, wherein we noted the Library followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for 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.

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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 25, 2010



Mary Taylor, CPA
Auditor of State

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
JULY 13, 2010