

**LIMA PUBLIC LIBRARY  
ALLEN COUNTY  
Regular Audit  
December 31, 2009 and 2008**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Lima Public Library  
650 West Market Street  
Lima, OH 45801

We have reviewed the *Independent Accountants' Report* of the Lima Public Library, Allen County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2008 through December 31, 2009. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Lima Public Library is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 16, 2010

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**LIMA PUBLIC LIBRARY  
ALLEN COUNTY**

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***Perry & Associates***  
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**INDEPENDENT ACCOUNTANTS' REPORT**

June 25, 2010

Lima Public Library  
Allen County  
650 West Market Street  
P.O. Box 298  
Lima, OH 45801

To the Board of Trustees:

We have audited the accompanying financial statements of **Lima Public Library, Allen 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 Library's 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.

Lima Public Library  
Allen County

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 their changes in financial position or cash flows 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 Lima Public Library, Allen County, 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.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**LIMA PUBLIC LIBRARY  
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	
<b>Cash Receipts:</b>				
Other Government Grants-In-Aid	\$ 2,979,723	\$ -	\$ -	\$ 2,979,723
Patron Fines and Fees	70,384	-	-	70,384
Services Provided Other Entities	5,829	-	-	5,829
Earnings on Investments	12,584	-	-	12,584
Contributions, Gifts and Donations	3,881	33,077	-	36,958
Miscellaneous Receipts	9,671	-	-	9,671
	<u>\$3,082,072</u>	<u>33,077</u>	<u>-</u>	<u>3,115,149</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	2,589,956	-	-	2,589,956
Library Materials and Information	223,675	10,601	-	234,276
Purchased and Contracted Services	319,657	-	-	319,657
Supplies	41,384	-	-	41,384
Other	22,831	-	-	22,831
Capital Outlay	11,021	1,960	118,325	131,306
	<u>3,208,524</u>	<u>12,561</u>	<u>118,325</u>	<u>3,339,410</u>
Total Cash Disbursements	<u>3,208,524</u>	<u>12,561</u>	<u>118,325</u>	<u>3,339,410</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(126,452)	20,516	(118,325)	(224,261)
Fund Cash Balances, January 1	<u>1,473,838</u>	<u>14,910</u>	<u>632,322</u>	<u>2,121,070</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 1,347,386</u></b>	<b><u>\$ 35,426</u></b>	<b><u>\$ 513,997</u></b>	<b><u>\$ 1,896,809</u></b>
Reserve for Encumbrances, December 31	<u>\$ 13,666</u>	<u>\$ 562</u>	<u>\$ -</u>	<u>\$ 14,228</u>

The notes to the financial statements are an integral part of the financial statements

**LIMA PUBLIC LIBRARY  
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Merchandise Sales	\$ 847	\$ -	\$ 847
Membership Fees	-	9,410	9,410
	<u>847</u>	<u>9,410</u>	<u>10,257</u>
<b>Operating Cash Disbursements:</b>			
Current:			
Library Materials and Information	-	2,966	2,966
Purchased and Contracted Services	-	5,936	5,936
Other	185	-	185
	<u>185</u>	<u>8,902</u>	<u>9,087</u>
Total Cash Disbursements	<u>185</u>	<u>8,902</u>	<u>9,087</u>
Operating Income/(Loss)	662	508	1,170
Fund Cash Balances, January 1	<u>8,989</u>	<u>3,849</u>	<u>12,838</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 9,651</u></b>	<b><u>\$ 4,357</u></b>	<b><u>\$ 14,008</u></b>

The notes to the financial statements are an integral part of the financial statements

**LIMA PUBLIC LIBRARY  
ALLEN 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>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	
<b>Cash Receipts:</b>				
Other Government Grants-In-Aid	\$ 3,626,600	\$ -	\$ -	\$ 3,626,600
Patron Fines and Fees	78,009	-	-	78,009
Services Provided Other Entities	5,734	-	-	5,734
Earnings on Investments	50,433	-	-	50,433
Contributions, Gifts and Donations	-	6,613	-	6,613
Miscellaneous Receipts	20,974	-	-	20,974
	<u>3,781,750</u>	<u>6,613</u>	<u>-</u>	<u>3,788,363</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	3,078,103	-	-	3,078,103
Library Materials and Information	502,443	502	-	502,945
Purchased and Contracted Services	378,207	-	-	378,207
Supplies	69,144	-	-	69,144
Other	42,597	-	-	42,597
Capital Outlay	12,422	-	239,909	252,331
	<u>4,082,916</u>	<u>502</u>	<u>239,909</u>	<u>4,323,327</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over/(Under) Cash Disbursements	(301,166)	6,111	(239,909)	(534,964)
Fund Cash Balances, January 1	1,775,004	8,799	872,231	2,656,034
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 1,473,838</b></u>	<u><b>\$ 14,910</b></u>	<u><b>\$ 632,322</b></u>	<u><b>\$ 2,121,070</b></u>
Reserve for Encumbrances, December 31	<u>\$ 126,337</u>	<u>\$ 170</u>	<u>\$ 60,105</u>	<u>\$ 186,612</u>

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

**LIMA PUBLIC LIBRARY  
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Merchandise Sales	\$ 1,375	\$ -	\$ 1,375
Membership Fees	-	9,005	9,005
	<u>1,375</u>	<u>9,005</u>	<u>10,380</u>
<b>Operating Cash Disbursements:</b>			
Current:			
Library Materials and Information	-	5,436	5,436
Purchased and Contracted Services	-	5,586	5,586
Other	17	-	17
	<u>17</u>	<u>11,022</u>	<u>11,039</u>
Total Cash Disbursements	<u>17</u>	<u>11,022</u>	<u>11,039</u>
Operating Income/(Loss)	1,358	(2,017)	(659)
Fund Cash Balances, January 1	<u>7,631</u>	<u>5,866</u>	<u>13,497</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 8,989</b></u>	<u><b>\$ 3,849</b></u>	<u><b>\$ 12,838</b></u>

The notes to the financial statements are an integral part of the financial statements

**LIMA PUBLIC LIBRARY  
ALLEN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Lima Public Library, Allen 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 appointed by the Lima City School District Board of Education. The Library provides the community with various educational and literary resources.

The Lima Library Association is a component unit of the Library and is audited separately. Financial information is not included in these statements. See additional information in Note 7.

The Friends of the Library is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budgets or the issuance of debt of the organization. According to GASB Statement No. 39 criteria, the economic resources received or held by organization are not significant to the Library. Therefore, this organization has been excluded from the reporting entity of the Library.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Deposits and Investments**

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 disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund. Repurchase agreements are valued at cost.

**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.

**LIMA PUBLIC LIBRARY  
ALLEN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

**Memorial, Gift and Donation Fund** – This Fund receives contributions made to the Library. The fund was established in 2005 to better account for receipts and expenditures of contributed monies.

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project fund:

**Library Improvement and Maintenance Fund** – This Fund receives tax money and transfers from the General Fund. This money is used for repairs and improvements to the Library.

**4. Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Library had the following significant enterprise fund:

**Gift Shop Fund** – This Fund receives money from merchandise sales at the Library.

**5. Fiduciary Funds**

These funds account for operations of funds for which the Library is acting in an agency capacity. The Library had the following significant fiduciary agency fund:

**Entertainment Video Circuit** – This Fund receives membership fees from other Libraries. The money is used to purchase videos for the Libraries to share.

**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, function, and object level of control.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**LIMA PUBLIC LIBRARY  
ALLEN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED DEPOSIT AND INVESTMENTS**

The Library maintains a deposit and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The Library had \$490 in cash on hand for both years. The carrying amount of cash and investments at December 31 follows:

	<b>2009</b>	<b>2008</b>
Demand Deposits	\$ 415,303	\$ 7,653
Certificates of Deposit	1,008,641	-
Total Deposits	1,423,944	7,653
 STAR Ohio	-	120,605
Repurchase Agreement	482,026	2,001,311
Total Investments	482,026	2,121,916
Total Deposits and Investments	\$ 1,905,970	\$ 2,129,569
 Agency Fund Demand Deposits	\$ 4,357	\$ 3,849

**Deposits:** Deposits are either 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. Repurchase agreements are collateralized by specific securities purchased with funds swept from that account.

**3. BUDGETARY ACTIVITY**

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

**LIMA PUBLIC LIBRARY  
ALLEN COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,674,034	\$ 3,082,072	\$ (591,962)
Special Revenue	68,000	33,077	(34,923)
Capital Projects	964,122	-	(964,122)
Enterprise	-	847	847
Total	<u>\$ 4,706,156</u>	<u>\$ 3,115,996</u>	<u>\$ (1,590,160)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,406,250	\$ 3,222,190	\$ 1,184,060
Special Revenue	68,000	13,123	54,877
Capital Project	1,560,000	118,325	1,441,675
Enterprise	185	185	-
Total	<u>\$ 6,034,435</u>	<u>\$ 3,353,823</u>	<u>\$ 2,680,612</u>

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,912,140	\$ 3,781,750	\$ (130,390)
Special Revenue	119,000	6,613	(112,387)
Capital Projects	-	-	-
Enterprise	-	1,375	1,375
Total	<u>\$ 4,031,140</u>	<u>\$ 3,789,738</u>	<u>\$ (241,402)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,209,516	\$ 4,209,253	\$ 263
Special Revenue	119,000	672	118,328
Capital Projects	851,996	300,014	551,982
Enterprise	20	17	3
Total	<u>\$ 5,180,532</u>	<u>\$ 4,509,956</u>	<u>\$ 670,576</u>

**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 LLGSF is allocated 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 any additional revenues the Library receives.

**5. RETIREMENT SYSTEM**

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.

**LIMA PUBLIC LIBRARY  
ALLEN COUNTY**

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

**5. RETIREMENT SYSTEM (Continued)**

The Ohio Revised Code 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.

**6. RISK MANAGEMENT**

**Commercial Insurance**

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

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

The Library had no changes in coverage. The Library paid out no amounts that exceeded insurance coverage.

The Library also provides health insurance coverage to full-time employees through a private carrier.

**7. LIMA LIBRARY ASSOCIATION**

In accordance with GASB 14, the Lima Library Association (the "Association") is considered a component unit of the Library. The Association is a not-for-profit corporation that was incorporated in 1884. The Association was formed for the purpose of owning and acquiring books by purchase or gift and keeping the same as a public library in Lima, Ohio. When the Lima Public Library was created, the Association did not dissolve and remained intact for the purpose of supporting the Library.

Audited financial statements of the Association may be obtained by contacting E.S. Evans and Company, 205 West Elm Street, Lima, Ohio 45801.

**8. CONTINGENT LIABILITIES**

The union representing the bargaining unit of the Library, OAPSE 4, has filed multiple unfair labor practices against the Library. Many were dismissed. The Union has asked for damages, which if granted, would result in a payment from the Library of approximately \$50,000. Although the outcome of these grievances are not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Library's financial condition.

***Perry & Associates***  
Certified Public Accountants, A.C.

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

June 25, 2010

Lima Public Library  
Allen County  
650 West Market Street  
P.O. Box 298  
Lima, OH 45801

To the Board of Trustees:

We have audited the financial statements of **Lima Public Library**, Allen County, (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 deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements 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 would not necessarily identify all deficiencies in internal control 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2009-001 to be a significant deficiency. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated June 25, 2010.

This report is intended solely for the information and use of Library management and Board of Trustees and is not intended to be, and should not be used by anyone other than these specified parties.

Respectfully Submitted,

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

**Perry and Associates**  
Certified Public Accountants, A.C.

**LIMA PUBLIC LIBRARY  
ALLEN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2009-001**

**Noncompliance Citation/Significant Deficiency**

**Ohio Rev. Code Section 117.38** states, in part, cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. The report shall contain the amount of: (A) receipts, and amounts due from each source; (B) expenditures for each purpose; (C) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (D) public debt of each taxing district, the purpose of the debt, and how the debt will be repaid.

The Library filed the Annual Financial Report with the Auditor of State's office but the amounts in the report did not agree with the amounts on the Library's accounting system. It was noted various receipts and expenditures were accurately posted to the Library's accounting system; however the Clerk misclassified them or reported the wrong amount when manually preparing the Annual Financial Report.

We recommend the Annual Financial Report be compiled from the Library's accounting system and be reconciled by the Clerk and reviewed by the Director prior to filing.

**Management's Response** – We did not receive a response from officials to this finding.

**LIMA PUBLIC LIBRARY  
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Rev. Code Section 117.38	No	Repeated as Finding 2009-001
2007-002	Cash Reconciliations	No	Partially; Moved to Management Letter



Mary Taylor, CPA  
Auditor of State

LIMA PUBLIC LIBRARY

ALLEN 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 29, 2010