

**REED MEMORIAL LIBRARY
PORTAGE COUNTY
Regular Audit
For the Years Ended December 31, 2012 and 2011**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Board of Trustees
Reed Memorial Library
167 East Main Street
Ravenna, Ohio 44266

We have reviewed the *Independent Auditor's Report* of the Reed Memorial Library, Portage County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2011 through December 31, 2012. 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 Reed Memorial Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 31, 2013

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**REED MEMORIAL LIBRARY
PORTAGE COUNTY**

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INDEPENDENT AUDITOR'S REPORT

June 14, 2013

Reed Memorial Library
Portage County
167 East Main Street
Ravenna, Ohio 44266

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of **Reed Memorial Library**, Portage County, (the Library) as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1.B. of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles (Continued)

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1.B. and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Reed Memorial Library, Portage County, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1B.

Emphasis of Matter

As discussed in Note 1.F. to the financial statements, during 2011 the Library adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**REED MEMORIAL LIBRARY
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Project	Permanent	
Cash Receipts					
Property Tax and Other Local Taxes	\$ 894,828	\$ -	\$ -	\$ -	\$ 894,828
Public Library	818,652	-	-	-	818,652
Intergovernmental	115,687	-	-	-	115,687
Patron Fines and Fees	35,632	-	-	-	35,632
Services Provided Other Entities	14	-	-	-	14
Earnings on Investments	2,537	192	1,704	6	4,439
Contributions, Gifts and Donations	20,488	211	-	-	20,699
Miscellaneous Receipts	6,764	-	-	-	6,764
Total Cash Receipts	\$1,894,602	403	1,704	6	1,896,715
Cash Disbursements					
Current:					
Salaries and Benefits	819,635	-	-	-	819,635
Purchased and Contracted Services	122,735	-	-	-	122,735
Library Materials and Information	152,086	-	-	-	152,086
Information Supplies	45,443	-	-	-	45,443
Property Maintenance	17,861	-	-	-	17,861
Other Objects	6,429	-	-	-	6,429
Capital Outlay	36,048	-	-	-	36,048
Debt Service:					
Principal Retirement	115,000	-	-	-	115,000
Interest and Fiscal Charges	209,568	-	-	-	209,568
Total Cash Disbursements	1,524,805	-	-	-	1,524,805
Excess of Receipts Over Disbursements	369,797	403	1,704	6	371,910
Other Financing Receipts:					
Other Financing Sources	2,014	-	-	-	2,014
Total Other Financing Receipts	2,014	-	-	-	2,014
Net Change in Fund Cash Balances	371,811	403	1,704	6	373,924
Fund Cash Balances, January 1	694,134	60,267	514,131	1,781	1,270,313
Fund Cash Balances, December 31					
Nonspendable	-	-	-	1,500	1,500
Restricted	-	60,670	515,835	287	576,792
Unassigned	1,065,945	-	-	-	1,065,945
Fund Cash Balances, December 31	\$ 1,065,945	\$ 60,670	\$ 515,835	\$ 1,787	\$ 1,644,237

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

**REED MEMORIAL LIBRARY
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Project	Permanent	
Cash Receipts					
Property Tax and Other Local Taxes	\$ 460,359	\$ -	\$ -	\$ -	\$ 460,359
Public Library	867,777	-	-	-	867,777
Intergovernmental	59,962	-	-	-	59,962
Patron Fines and Fees	35,474	-	-	-	35,474
Services Provided Other Entities	18	-	-	-	18
Earnings on Investments	4,630	371	3,682	34	8,717
Contributions, Gifts and Donations	16,316	286	6,000	-	22,602
Miscellaneous Receipts	5,215	-	-	-	5,215
Total Cash Receipts	\$1,449,751	657	9,682	34	1,460,124
Cash Disbursements					
Current:					
Salaries and Benefits	784,399	-	-	-	784,399
Purchased and Contracted Services	113,478	286	-	-	113,764
Library Materials and Information	137,707	-	-	-	137,707
Supplies	24,608	-	-	-	24,608
Property Maintenance	13,387	-	-	-	13,387
Other Objects	1,213	-	-	-	1,213
Capital Outlay	19,263	-	20,100	-	39,363
Debt Service:					
Principal Retirement	110,000	-	-	-	110,000
Interest and Fiscal Charges	213,583	-	-	-	213,583
Total Cash Disbursements	1,417,638	286	20,100	-	1,438,024
Excess of Receipts Over (Under) Disbursements	32,113	371	(10,418)	34	22,100
Other Financing Receipts (Disbursements):					
Transfers-In	2,791	-	-	-	2,791
Transfers-Out	-	(2,791)	-	-	(2,791)
Other Financing Sources	4,081	-	-	-	4,081
Other Financing Uses	(88)	-	-	-	(88)
Total Other Financing Receipts (Disbursements)	6,784	(2,791)	-	-	3,993
Net Change in Fund Cash Balances	38,897	(2,420)	(10,418)	34	26,093
Fund Cash Balances, January 1	655,237	62,687	524,549	1,747	1,244,220
Fund Cash Balances, December 31					
Nonspendable	-	-	-	1,500	1,500
Restricted	-	60,267	514,131	281	574,679
Unassigned	694,134	-	-	-	694,134
Fund Cash Balances, December 31	\$ 694,134	\$ 60,267	\$ 514,131	\$ 1,781	\$ 1,270,313

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

**REED MEMORIAL LIBRARY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Reed Memorial Library, Portage County, (the Library) as a body corporate and politic. The Library is directed by a seven-member Board of Trustees appointed by the Ravenna City School Board. The Library is a member of the Portage Library Consortium (see Note 9). 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. Deposits 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 Library values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual fund reports.

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 accounts for and reports all financial resources not accounted for and recorded in another fund.

**REED MEMORIAL LIBRARY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Library had the following significant Special Revenue Funds:

Children's Area Fund - This fund is used to account for donations from the Dietrich family to be used for the Library's Children Section.

Ruth C. Woolf Memorial Fund - This fund is used to account for donations from the Woolf family to purchase educational materials.

Brown Fund - This fund is used to account for donations to purchase library materials.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant capital project funds:

Building & Repair Fund - This fund is used to account for expansion, maintenance, repair or renovation of the Library's buildings.

Automation Fund - This fund is used to account for the purchase and improvement of equipment used in the automated circulation system maintained by the Library.

4. Permanent Fund

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Library has one permanent fund, the Gilbert/Short Trust Fund, which holds money for Library materials.

E. Budgetary Process

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

A summary of 2012 and 2011 budgetary activity appears in Note 3.

**REED MEMORIAL LIBRARY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance

In 2011, the Library adopted Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which had no effect on fund balances. Fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**REED MEMORIAL LIBRARY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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.

H. 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.

2. Equity in Pooled Deposits and Investments

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

	2012	2011
Demand deposits	\$28,970	\$69,484
Other time deposits (savings and NOW accounts)	1,577,288	1,162,879
Total deposits	1,606,258	1,232,363
STAR Ohio	37,729	37,700
Total deposits and investments	\$1,643,987	\$1,270,063

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

The Library also had \$250 petty cash on hand at December 31, 2012 and 2011.

**REED MEMORIAL LIBRARY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,898,620	\$ 1,896,616	\$ (2,004)
Special Revenue	765	403	(362)
Capital Projects	2,058	1,704	(354)
Permanent	18	6	(12)
Total	\$ 1,901,461	\$ 1,898,729	\$ (2,732)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,800,000	\$ 1,524,805	\$ 275,195
Special Revenue	19,000	-	19,000
Capital Projects	300,000	-	300,000
Permanent	-	-	-
Total	\$ 2,119,000	\$ 1,524,805	\$ 594,195

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,467,861	\$ 1,456,623	\$ (11,238)
Special Revenue	1,013	657	(356)
Capital Projects	9,120	9,682	562
Permanent	35	34	(1)
Total	\$ 1,478,029	\$ 1,466,996	\$ (11,033)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,596,298	\$ 1,417,726	\$ 178,572
Special Revenue	19,077	3,077	16,000
Capital Projects	323,600	20,100	303,500
Permanent	-	-	-
Total	\$ 1,938,975	\$ 1,440,903	\$ 498,072

**REED MEMORIAL LIBRARY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

4. GRANT-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. The County Budget Commission bases the amount for distribution on the needs of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

5. DEBT

In 2003, the Library entered into a 30 year lease agreement with the City of Ravenna in accordance with Ohio Revised Code Section 721.22. The lease payments are for the Library property and renovation acquired with proceeds of \$5,350,000 Library Improvement bonds issued by the City of Ravenna maturing December 31, 2033. The lease payments are based upon the bond payment requirements and are supported by a voter approved tax levy.

Amortization of the debt, including interest, in as follows:

**REED MEMORIAL LIBRARY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

5. DEBT (Continued)

December 31:	Principal	Interest	Total
2013	\$ 120,000	\$ 214,550	\$ 334,550
2014	125,000	209,750	334,750
2015	130,000	204,750	334,750
2016	135,000	199,308	334,308
2017	140,000	193,620	333,620
2018-2022	795,000	868,440	1,663,440
2023-2027	1,000,000	657,500	1,657,500
2028-2032	1,280,000	380,750	1,660,750
2033	730,000	36,500	766,500
Total	<u>\$ 4,455,000</u>	<u>\$ 2,965,168</u>	<u>\$ 7,420,168</u>

6. 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.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, 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, 2012.

7. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks: Comprehensive property and general liability; Vehicles; and Errors and omissions.

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

Settled claims have not exceeded this commercial coverage in any of the last three years. The Library has not reduced coverage from the prior year.

8. TRANSFER

During 2011, the Library Board approved a transfer from the Forever Free Fund to the General Fund in the amount of \$2,791. The Forever Free Fund was originally established with funds from the General Fund and the Library had no further need for the fund upon completion of the exhibit. This transfer was deemed to be in compliance with Ohio Revised Code.

**REED MEMORIAL LIBRARY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

9. JOINTLY GOVERNED ORGANIZATION

The Portage Library Consortium (PLC) authorized under Ohio Revised Code Section 3375.403 consists of the Portage County District Library, Kent Free Library, and the Reed Memorial Library. The purpose of the consortium is to provide better services at reduced costs to each member through collective efforts and resource sharing. The PLC is governed by a Council comprised of two trustees from each member Library. Member Libraries are entitled to a single vote. Council controls the budget and all financial concerns. The three Libraries allocate 1.3% of State Library and Local Government Support Fund (LLGSF) for a total of 3.9% allocation of revenue. The Portage County District Library acts as the fiscal agent for the consortium.

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

June 14, 2013

Reed Memorial Library
Portage County
167 East Main Street
Ravenna, Ohio 44266

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of **Reed Memorial Library**, Portage County, Ohio, (the Library) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated June 14, 2013, wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1, and the Library implemented Governmental Accounting Standards Board Statement No. 54.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Reed Memorial Library
Portage County
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." The signature is written in a cursive, flowing style.

Perry and Associates
Certified Public Accountants, A.C.

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Dave Yost • Auditor of State

REED MEMORIAL LIBRARY

PORTAGE 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
AUGUST 13, 2013