



**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007



Mary Taylor, CPA
Auditor of State

**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2008.....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2007	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13
Schedule of Prior Audit Findings	15

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Mary Taylor, CPA
Auditor of State

Perry Cook Memorial Library
Morrow County
P.O. Box 214
Shauck, Ohio 43349

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 Library 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 23, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Perry Cook Memorial Library
Morrow County
P.O. Box 214
Shauck, Ohio 43349

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Cook Memorial Library, Morrow County, Ohio, (the Library) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of Perry Cook Memorial Library, Morrow County, Ohio, as of December 31, 2008 and 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2009, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 23, 2009

**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY**

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

	All Fund Types			Totals (Memorandum Only)
	General	Capital Projects	Permanent	
Cash Receipts:				
Library and Local Government Support	\$ 256,758	\$ -	\$ -	\$ 256,758
Patron Fines and Fees	5,283	-	-	5,283
Contributions, Gifts and Donations	25	-	-	25
Earnings on Investments	58	10,708	218	10,984
Miscellaneous	430	-	-	430
Total Cash Receipts	262,554	10,708	218	273,480
Cash Disbursements:				
Current:				
Salaries	93,086	-	-	93,086
Employee Fringe Benefits	14,533	-	-	14,533
Purchased and Contractual Services	37,748	-	-	37,748
Library Materials and Information	29,441	-	-	29,441
Supplies	12,572	-	-	12,572
Other	953	-	-	953
Capital Outlay	86,152	-	-	86,152
Total Cash Disbursements	274,485	0	0	274,485
Total Receipts Over/(Under) Disbursements	(11,931)	10,708	218	(1,005)
Fund Cash Balances, January 1	69,075	424,768	6,894	500,737
Fund Cash Balances, December 31	\$ 57,144	\$ 435,476	\$ 7,112	\$ 499,732

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

**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY**

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

	<u>All Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:				
Library and Local Government Support	\$ 260,970	\$ -	\$ -	\$ 260,970
Patron Fines and Fees	2,217	-	-	2,217
Earnings on Investments	188	40,260	168	40,616
Miscellaneous	619	-	-	619
	<u>263,994</u>	<u>40,260</u>	<u>168</u>	<u>304,422</u>
Total Cash Receipts				
	<u>263,994</u>	<u>40,260</u>	<u>168</u>	<u>304,422</u>
Cash Disbursements:				
Current:				
Salaries	83,914	-	-	83,914
Employee Fringe Benefits	12,856	-	-	12,856
Purchased and Contractual Services	34,950	-	-	34,950
Library Materials and Information	22,356	-	-	22,356
Supplies	6,636	-	-	6,636
Other	1,137	-	-	1,137
Capital Outlay	54,931	940,000	-	994,931
	<u>216,780</u>	<u>940,000</u>	<u>-</u>	<u>1,156,780</u>
Total Cash Disbursements				
	<u>216,780</u>	<u>940,000</u>	<u>-</u>	<u>1,156,780</u>
Total Receipts Over/(Under) Disbursements	47,214	(899,740)	168	(852,358)
Fund Cash Balances, January 1	<u>21,861</u>	<u>1,324,508</u>	<u>6,726</u>	<u>1,353,095</u>
Fund Cash Balances, December 31	<u>\$ 69,075</u>	<u>\$ 424,768</u>	<u>\$ 6,894</u>	<u>\$ 500,737</u>

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

**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Perry Cook Memorial Library, Morrow County, Ohio, (the Library) as a body corporate and politic. The Northmor Local School District's Board of Education appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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 funds report.

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. 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:

**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Capital Project Fund (Continued)

Building Fund – This fund receives transfers from the General Fund and interest revenue for future improvements and/or expansion of the existing library.

3. Permanent Fund

This fund accounts for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Library's programs. The Library had the following significant permanent fund:

Belle Cook Permanent Fund – This fund receives interest earned by the trust's certificate of deposit. This interest proceeds may be spent on library needs. The corpus balance of this fund must remain at an amount of \$5,000.

E. Budgetary Process

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

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

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:

	2008	2007
Demand deposits	\$72,675	\$84,220
Certificates of deposit	5,000	5,000
Total deposits	77,675	89,220
STAR Ohio	422,057	411,517
Total deposits and investments	\$499,732	\$500,737

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

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

**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY**

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,500	\$262,554	\$260,054
Capital Projects	20,000	10,708	(9,292)
Permanent	100	218	118
Total	\$22,600	\$273,480	\$250,880

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$285,175	\$274,485	\$10,690
Capital Projects	0	0	0
Permanent	0	0	0
Total	\$285,175	\$274,485	\$10,690

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$264,669	\$263,994	(\$675)
Capital Projects	40,000	40,260	260
Permanent	200	168	(32)
Total	\$304,869	\$304,422	(\$447)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$283,410	\$216,780	\$66,630
Capital Projects	600,000	940,000	(340,000)
Permanent	0	0	0
Total	\$883,410	\$1,156,780	(\$273,370)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority at the object level of control in the Capital Projects fund by \$340,000 for the year ended December 31, 2007.

4. Grants-In-Aid

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 any additional revenues the Library receives.

**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY**

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

5. Retirement Systems

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Library contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2008.

6. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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



Mary Taylor, CPA

Auditor of State

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

Perry Cook Memorial Library
Morrow County
P.O. Box 214
Shauck, Ohio 43349

To the Library Board of Trustees:

We have audited the financial statements of Perry Cook Memorial Library, Morrow County, Ohio, (the Library) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated October 23, 2009, 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 expressing our opinion on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2008-002 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We also noted certain internal control matters that we reported to the Library's management in a separate letter dated October 23, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated October 23, 2009.

We intend this report solely for the information and use of management and the Library Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

October 23, 2009

**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Expenditures Exceed Appropriations – Noncompliance Citation

Ohio Administrative Code Section 117-8-02 states that the Library's legislative body shall adopt appropriation measures. These measures establish the legal level of control. The legal level of control is the level (e.g. fund, program or function, department, object level) at which spending in excess of budgeted amounts would be a violation of law. This is established by the level at which the legislative body appropriates.

The legal level of control for the Library is at the object level. In 2007, expenditures exceeded appropriation at the object level as follows:

Date	Fund	Object	Appropriation Authority	Budgetary Expenditures	Variance
12/31/07	Capital Projects	Capital Outlay	\$600,000	\$940,000	(\$340,000)

We recommend the Clerk/Treasurer and the Board of Trustees monitor budget versus actual reports throughout the year to ensure budgetary expenditures do not exceed appropriations. In order to keep budgetary expenditures within appropriated amounts, the Board of Trustees may amend the annual appropriation measure by approving supplemental appropriations. All board approved annual and supplemental appropriations should be posted to the ledgers by the Clerk/Treasurer to allow for a meaningful comparison of budgeted vs. actual appropriations.

FINDING NUMBER 2008-002

Budgetary Posting – Significant Deficiency

The Library should post to its receipt and expenditure ledgers in a timely manner, the estimated receipts certified to the County Budget Commission and appropriations approved by the Board of Trustees to allow for monitoring of budget vs. actual receipts and expenditures.

As of December 31, 2008 and 2007, the estimated receipts and appropriations posted to the Library's ledgers varied from the approved amounts as follows:

Year	Fund	Estimated Receipts Posted	Estimated Receipts Certified by Budget Commission	Variance
2008	General	\$ -	\$ 2,500	\$ (2,500)
2008	Capital Projects	\$ -	\$ 20,000	\$ (20,000)
2008	Permanent	\$ -	\$ 100	\$ (100)
2007	General	\$ -	\$ 264,699	\$ (264,699)
2007	Capital Projects	\$ -	\$ 40,000	\$ (40,000)
2007	Permanent	\$ -	\$ 200	\$ (200)

**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2008-002
(Continued)**

Budgetary Posting – Significant Deficiency (Continued)

Year	Fund	Appropriations Posted	Appropriations Approved by the Board of Trustees	Variance
2008	General	\$ 311,851	\$ 285,175	\$ 26,676
2007	Capital Projects	\$ 1,000,000	\$ 600,000	\$ 400,000

We recommend that the Clerk/Treasurer accurately and timely post to the receipt and expenditure ledgers estimated receipts and appropriations that have been approved.

Officials Response

We did not receive a response from Officials to the findings reported above.

**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Financial Reporting	Yes	
2006-002	Allocation of Interest Among Funds	Yes	
2006-003	Expenditures Exceed Appropriations	No	Will be reported as Finding 2008-001



Mary Taylor, CPA
Auditor of State

PERRY COOK MEMORIAL LIBRARY

MORROW COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 24, 2009**