

**GALION PUBLIC LIBRARY
CRAWFORD COUNTY
Regular Audit
For the Years Ended December 31, 2010 and 2009**

Perry and Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Board of Trustees
Galion Public Library
123 North Market Street
Galion, Ohio 44833

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

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 Galion Public 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

June 30, 2011

This Page is Intentionally Left Blank.

**GALION PUBLIC LIBRARY
CRAWFORD COUNTY**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2010	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009	4
Notes to the Financial Statements	5
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	9

This Page is Intentionally Left Blank.

Perry & Associates
Certified Public Accountants, A.C.

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

INDEPENDENT ACCOUNTANTS' REPORT

June 24, 2011

Galion Public Library
Crawford County
123 North Market Street
Galion, Ohio 44833

To the Board of Trustees:

We have audited the accompanying financial statements of **Galion Public Library**, Crawford County, Ohio (the Library), as of and for the years ended December 31, 2010 and 2009. 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, 2010 and 2009 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, 2010 and 2009, or its changes in financial position for the years then ended.

Galion Public Library
Crawford County
Independent Accountants' Report
Page 2

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Galion Public Library, Crawford County, Ohio, as of December 31, 2010 and 2009, 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 24, 2011, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the 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.

**GALION PUBLIC LIBRARY
CRAWFORD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Library and Local Government Support	\$ 486,106	\$ -	\$ -	\$ 486,106
Patron Fines and Fees	25,308	57	-	25,365
Services Provided to Other Entities	35	-	-	35
Contributions, Gifts and Donations	8,034	1,385	1,402	10,821
Earnings on Investments	27,038	-	-	27,038
Miscellaneous	3,389	-	-	3,389
Total Cash Receipts	<u>549,910</u>	<u>1,442</u>	<u>1,402</u>	<u>552,754</u>
Cash Disbursements:				
Current:				
Salaries	273,513	-	-	273,513
Employee Fringe Benefits	65,302	-	-	65,302
Purchased and Contractual Services	89,074	7,110	34,471	130,655
Library Materials and Information	64,184	-	-	64,184
Supplies	9,821	1,203	2,772	13,796
Other	2,896	-	-	2,896
Capital Outlay	3,255	1,529	1,756	6,540
Total Cash Disbursements	<u>508,045</u>	<u>9,842</u>	<u>38,999</u>	<u>556,886</u>
Total Receipts Over/(Under) Disbursements	<u>41,865</u>	<u>(8,400)</u>	<u>(37,597)</u>	<u>(4,132)</u>
Fund Cash Balances, January 1	<u>715,337</u>	<u>224,031</u>	<u>993,505</u>	<u>1,932,873</u>
Fund Cash Balances, December 31	<u>\$ 757,202</u>	<u>\$ 215,631</u>	<u>\$ 955,908</u>	<u>\$ 1,928,741</u>

The accompanying notes are an integral part of these financial statements.

**GALION PUBLIC LIBRARY
CRAWFORD 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Library and Local Government Support	\$ 517,421	\$ -	\$ -	\$ 517,421
Intergovernmental	500	-	-	500
Patron Fines and Fees	24,587	-	-	24,587
Services Provided to Other Entities	54	-	-	54
Contributions, Gifts and Donations	8,033	310	144,558	152,901
Earnings on Investments	47,823	-	-	47,823
Miscellaneous	25	-	-	25
	<u>598,443</u>	<u>310</u>	<u>144,558</u>	<u>743,311</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries	304,274	-	-	304,274
Employee Fringe Benefits	71,393	-	-	71,393
Purchased and Contractual Services	101,179	6,294	56,207	163,680
Library Materials and Information	79,582	-	-	79,582
Supplies	12,532	1,221	-	13,753
Other	1,947	149	-	2,096
Capital Outlay	3,665	-	93,957	97,622
	<u>574,572</u>	<u>7,664</u>	<u>150,164</u>	<u>732,400</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>23,871</u>	<u>(7,354)</u>	<u>(5,606)</u>	<u>10,911</u>
Fund Cash Balances, January 1	<u>691,466</u>	<u>231,385</u>	<u>999,111</u>	<u>1,921,962</u>
Fund Cash Balances, December 31	<u>\$ 715,337</u>	<u>\$ 224,031</u>	<u>\$ 993,505</u>	<u>\$ 1,932,873</u>

The accompanying notes are an integral part of these financial statements.

**GALION PUBLIC LIBRARY
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 1 – Summary of Significant Accounting Policies

A. Description of the Library

The Galion Public Library (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 nine-member Board of Trustees appointed by the Galion Public Library Association. Library Trustees serve without compensation. The Library provides the community with various educational and literary resources. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

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

The Friends of Galion Public 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 budget or the issuance of debt of the organization. The Library is not legally entitled to the resources received from the Friends. 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. 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.

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.

**GALION PUBLIC LIBRARY
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account 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: The Enrichment Fund receives gifts and donations to benefit the Library, its collection and services. Such projects might include acquisition of equipment, materials or collections, special programs, etc.

3. Capital Project Funds

These funds account 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: The Building and Repair Fund accounts for monies set aside by the board of Trustees specifically for major capital and technological improvements.

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 2009 and 2010 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.

Note 2 - Equity in Pooled Deposits

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

	<u>2010</u>	<u>2009</u>
Demand Deposits	\$ 253,741	\$ 482,873
Certificates of Deposit	<u>1,675,000</u>	<u>1,450,000</u>
Total Deposits	<u>\$ 1,928,741</u>	<u>\$ 1,932,873</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Library.

**GALION PUBLIC LIBRARY
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)**

Note 3 – Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 528,000	\$ 549,910	\$ 21,910
Special Revenue	300	1,442	1,142
Capital Projects	-	1,402	1,402
Total	\$ 528,300	\$ 552,754	\$ 24,454

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 686,523	\$ 508,045	\$ 178,478
Special Revenue	69,729	9,842	59,887
Capital Projects	775,000	38,999	736,001
Total	\$ 1,531,252	\$ 556,886	\$ 974,366

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 673,500	\$ 598,443	\$ (75,057)
Special Revenue	-	310	310
Capital Projects	-	144,558	144,558
Total	\$ 673,500	\$ 743,311	\$ 69,811

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 877,650	\$ 574,572	\$ 303,078
Special Revenue	69,500	7,664	61,836
Capital Projects	775,000	150,164	624,836
Total	\$ 1,722,150	\$ 732,400	\$ 989,750

**GALION PUBLIC LIBRARY
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)**

Note 4 – Grants-In-Aid

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 any additional revenues the Library receives.

Note 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.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members 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, 2010.

Note 6 – Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees, and natural disasters. During 2010 and 2009 the Library contracted with several companies for various types of insurance coverage as follows:

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Fine Arts, Valuable Papers and Records, Data Processing;
- Errors and omissions; and
- Employee Dishonesty

Settled claims have not exceeded insurance coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

Perry & Associates
Certified Public Accountants, A.C.

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

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

June 24, 2011

Galion Public Library
Crawford County
123 North Market Street
Galion, Ohio 44833

To the Board of Trustees:

We have audited the financial statements of **Galion Public Library**, Crawford County, Ohio, (the Library) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 24, 2011, 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 opinions 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 a 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 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 that we must report under *Government Auditing Standards*.

Galion Public Library
Crawford County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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

Respectfully Submitted,

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

Perry and Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

GALION PUBLIC LIBRARY

CRAWFORD 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 14, 2011**