

**PERRY PUBLIC LIBRARY
LAKE COUNTY**

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



Dave Yost • Auditor of State

Board of Trustees
Perry Public Library
3753 Main Street
Perry, Ohio 44081

We have reviewed the *Independent Auditors' Report* of the Perry Public Library, Lake County, prepared by Neece, Malec, Seifert, & Vitaz, 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 Auditors' 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 Auditors' 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 Perry 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

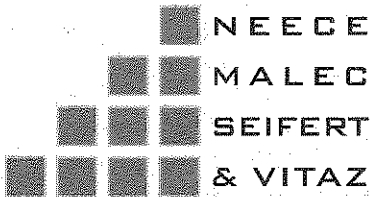
October 18, 2011

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**PERRY PUBLIC LIBRARY
LAKE COUNTY
FINANCIAL STATEMENTS**

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Certified Public Accountants

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Independent Auditors' Report

To the Board of Trustees
Perry Public Library
Lake County
3753 Main Street
Perry, OH 44081

We have audited the accompanying financial statements of the Perry Public Library, Lake County, Ohio, (the Library) as of and for the years ended December 31, 2010 and December 31, 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' *Governmental 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.

To the Board of Trustees
Perry Public Library
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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Perry Public Library, Lake 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 August 29, 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.



Mentor, Ohio
August 29, 2011

**PERRY PUBLIC LIBRARY
LAKE 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**

	All Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and other local taxes	\$ 517,462	\$ -	\$ -	\$ 517,462
Library and local government support	307,105	-	-	307,105
Intergovernmental	26,420	-	-	26,420
Patron fines and fees	22,894	-	-	22,894
Contributions	3,000	-	-	3,000
Earnings on investments	1,471	1,647	379	3,497
Miscellaneous	21,908	95	-	22,003
Total cash receipts	900,260	1,742	379	902,381
Cash Disbursements				
Current:				
Salaries	453,192	-	-	453,192
Employee fringe benefits	161,038	-	-	161,038
Purchased and contractual services	107,507	1,608	1,462	110,577
Library materials and information	104,233	2,300	-	106,533
Supplies	14,964	-	-	14,964
Other	9,686	-	1,615	11,301
Total cash disbursements	850,620	3,908	3,077	857,605
Total Receipts Over (Under) Disbursements	49,640	(2,166)	(2,698)	44,776
Other Financing Receipts (Disbursements):				
Other financing uses	(3,387)	-	-	(3,387)
Total Other Financing Receipts (Disbursements)	(3,387)	-	-	(3,387)
Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	46,253	(2,166)	(2,698)	41,389
Fund Cash Balances-January 1, 2010	293,265	182,262	103,891	579,418
Fund Cash Balances-December 31, 2010	<u>\$ 339,518</u>	<u>\$ 180,096</u>	<u>\$ 101,193</u>	<u>\$ 620,807</u>
Reserve for Encumbrances-December 31, 2010	<u>\$ 52,077</u>	<u>\$ 1,252</u>	<u>\$ -</u>	<u>\$ 53,329</u>

The accompanying notes are an integral part of the basic financial statements.

**PERRY PUBLIC LIBRARY
LAKE 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**

	All Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and other local taxes	\$ 518,906	\$ -	\$ -	\$ 518,906
Library and local government support	324,786	-	-	324,786
Intergovernmental	26,176	-	-	26,176
Patron fines and fees	24,106	-	-	24,106
Earnings on investments	4,149	2,637	1,269	8,055
Miscellaneous	29,066	-	-	29,066
Total cash receipts	927,189	2,637	1,269	931,095
Cash Disbursements				
Current:				
Salaries	501,014	-	-	501,014
Employee fringe benefits	161,870	-	-	161,870
Purchased and contractual services	121,270	1,866	-	123,136
Library materials and information	97,063	1,242	-	98,305
Supplies	20,868	-	-	20,868
Other	20,024	-	-	20,024
Capital Outlay	1,419	-	4,251	5,670
Total cash disbursements	923,528	3,108	4,251	930,887
Total Receipts Over (Under) Disbursements	3,661	(471)	(2,982)	208
Other Financing Receipts (Disbursements):				
Sale of fixed assets	40	-	-	40
Other financing uses	(30)	(830)	-	(860)
Total Other Financing Receipts (Disbursements)	10	(830)	-	(820)
Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	3,671	(1,301)	(2,982)	(612)
Fund Cash Balances-January 1, 2009	289,594	183,563	106,873	580,030
Fund Cash Balances-December 31, 2009	\$ 293,265	\$ 182,262	\$ 103,891	\$ 579,418
Reserve for Encumbrances-December 31, 2009	\$ 40,648	\$ 1,636	\$ -	\$ 42,284

The accompanying notes are an integral part of the basic financial statements.

**PERRY PUBLIC LIBRARY
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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 Perry Public Library, Lake County, Ohio, (the Library) as a body corporate and politic. The Library is an association library in which residents of Perry Township, Perry Village, and North Perry Village pay a one time \$1 fee to join. Members of the association elect a nine 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchase 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. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the Treasurer of State.

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. Special Revenue Fund

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

Connor Fund - This fund received a donation to be used for the purchase of scientific and/or philosophical literature and materials.

PERRY PUBLIC LIBRARY
LAKE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Continued)

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects. The Library had the following significant capital project fund:

Permanent Improvement Fund - This fund is used for the purpose of repairing, improving, furnishing, and equipping the Library.

E. Budgetary Process

The Board of Trustees 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 2010 and 2009 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2010</u>	<u>2009</u>
Demand deposits	\$ 10,807	\$ 19,026
Certificates of deposit	<u>610,000</u>	<u>358,000</u>
Total deposits	<u>620,807</u>	<u>377,026</u>
STAR Ohio	<u>-</u>	<u>202,392</u>
Total investments	<u>-</u>	<u>202,392</u>
Total deposits and investments	<u>\$ 620,807</u>	<u>\$ 579,418</u>

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

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

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

3. BUDGETARY ACTIVITY

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

2010 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 839,818	\$ 900,260	\$ 60,442
Special Revenue	3,772	1,742	(2,030)
Capital Projects	<u>3,000</u>	<u>379</u>	<u>(2,621)</u>
Total	<u>\$ 846,590</u>	<u>\$ 902,381</u>	<u>\$ 55,791</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 920,629	\$ 906,084	\$ 14,545
Special Revenue	11,933	5,160	6,773
Capital Projects	<u>33,000</u>	<u>3,077</u>	<u>29,923</u>
Total	<u>\$ 965,562</u>	<u>\$ 914,321</u>	<u>\$ 51,241</u>

2009 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 955,232	\$ 927,229	\$ (28,003)
Special Revenue	6,400	2,637	(3,763)
Capital Projects	<u>23,700</u>	<u>1,269</u>	<u>(22,431)</u>
Total	<u>\$ 985,332</u>	<u>\$ 931,135</u>	<u>\$ (54,197)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,010,005	\$ 964,208	\$ 45,797
Special Revenue	11,986	5,574	6,412
Capital Projects	<u>36,360</u>	<u>4,251</u>	<u>32,109</u>
Total	<u>\$ 1,058,351</u>	<u>\$ 974,033</u>	<u>\$ 84,318</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 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 population, circulation, and ratio of library material expenditures to total expenditures. The Budget Commission cannot reduce its allocation or these funds to the Library based on any additional revenues the Library receives.

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

4. GRANTS-IN-AID AND TAX RECEIPTS (CONTINUED)

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. 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 is due the following June 20.

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

5. RETIREMENT SYSTEMS

Library 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, 2009 and 2008, OPERS members contributed 10%, 10%, and 10%, respectively, of their gross salaries and the Library contributed an amount equaling 14%, 14%, and 14%, respectively, of participants' gross salaries. The Library's required contributions for pension obligations to the plan for the years ended December 31, 2010, 2009, and 2008 were \$ 63,420, \$ 70,142, and \$ 68,268, respectively; the full amount has been contributed for 2010, 2009, and 2008.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

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



Certified Public Accountants

**Independent Accountants' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Required by Government Auditing Standards**

Perry Public Library
Lake County
3753 Main Street
Perry, OH 44081

To the Board of Trustees:

We have audited the financial statements of the Perry Public Library, Lake County, Ohio (the Library) as of and for the years ended December 31, 2010 and December 31, 2009, wherein we noted the Library prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

We noted certain matters that we reported to the Library's management in a separate letter dated August 29, 2011.

Compliance and Other Matters

As part of reasonably assuming 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Library's management in a separate letter dated August 29, 2011.

This report is intended 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.

Nancy Nalec Seibert + Vitar

Mentor, Ohio
August 29, 2011



Dave Yost • Auditor of State

PERRY PUBLIC LIBRARY

LAKE 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
NOVEMBER 10, 2011**