

***GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

Board of Trustees
Geauga County Public Library
12701 Ravenwood Drive
Chardon, Ohio 44024

We have reviewed the *Report of Independent Accountants* of the Geauga County Public Library, Geauga County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 through December 31, 2011. 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 *Report of Independent Accountants* 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 *Report of Independent Accountants* 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 Geauga County Public Library is responsible for compliance with these laws and regulations.

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Dave Yost
Auditor of State

June 21, 2012

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**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2011 and 2010**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Geauga County Public Library
Geauga County
12701 Ravenwood Drive
Chardon, Ohio 44024

To the Library Trustees:

We have audited the accompanying financial statements of the Geauga County Public Library, Geauga County, Ohio as of and for the years ended December 31, 2011 and 2010. 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 Geauga County Public Library, Geauga County 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.

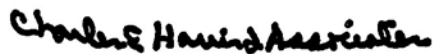
Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments 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, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Geauga County Public Library, Geauga County as of December 31, 2011 and 2010, 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 combined fund cash balances as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of the Geauga County Public Library, Geauga County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Geauga County Public Library, Geauga County adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2012, on our consideration of the Government'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.



Charles E. Harris & Associates, Inc.
April 27, 2012

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2011**

	Governmental Fund Types				(Memorandum Only) Total
	General	Special Revenue	Debt Service	Capital Projects	
Receipts:					
Property and Other Local Taxes	\$ 5,022,593	-	-	-	\$ 5,022,593
Library and Local Government Support	2,635,063	-	-	-	2,635,063
Intergovernmental	797,862	\$ 27,969	-	-	825,831
Patrons, Fines and Fees	187,005	-	-	-	187,005
Contributions, Gifts and Donations	8,160	-	-	-	8,160
Earnings on Investments	28,388	-	-	-	28,388
Miscellaneous	10,039	-	-	-	10,039
Total Receipts	8,689,110	27,969	-	-	8,717,079
Disbursements:					
Library Services:					
Public Services and Programs	3,093,177	3,969	-	-	3,097,146
Collection Development and Processing	1,461,371	-	-	-	1,461,371
Support Services:					
Facilities Operation and Maintenance	323,652	-	-	-	323,652
Information Services	472,719	-	-	-	472,719
Business Administration	613,889	-	-	-	613,889
Capital Outlay	194,847	24,000	-	\$ 52,174	271,021
Debt Service:					
Principal Retirement	-	-	\$ 180,000	-	180,000
Interest & Fiscal Charges	-	-	7,686	-	7,686
Total Cash Disbursements	6,159,655	27,969	187,686	52,174	6,427,484
Total Receipts Over(Under) Disbursements	2,529,455	-	(187,686)	(52,174)	2,289,595
Other Financing Sources/Uses					
Transfers In	-	-	-	1,159,500	1,159,500
Transfers Out	(1,159,500)	-	-	-	(1,159,500)
Advances In	27,969	27,969	-	-	55,938
Advances Out	(27,969)	(27,969)	-	-	(55,938)
Total Other Financing Sources/Uses	(1,159,500)	-	-	1,159,500	-
Excess Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	1,369,955	-	(187,686)	1,107,326	2,289,595
Fund Balance January 1, 2011	695,460	-	187,686	754,768	1,637,914
Fund Cash Balance December 31, 2011					
Restricted	4,071	-	-	-	4,071
Assigned	185,055	-	-	1,862,094	2,047,149
Unassigned	1,876,289	-	-	-	1,876,289
Fund Balance December 31, 2011	\$ 2,065,415	\$ -	\$ -	\$ 1,862,094	\$ 3,927,509

See accompanying Notes to the Financial Statements.

**GEAUGA COUNTY PUBLIC LIBRARY
 GEAUGA COUNTY
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
 CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
 For the Year Ended December 31, 2010**

	Governmental Fund Types			(Memorandum Only) Total
	General	Debt Service	Capital Projects	
Receipts:				
Property and Other Local Taxes	\$ 2,497,734	-	-	\$ 2,497,734
Library and Local Government Support	2,515,844	-	-	2,515,844
Intergovernmental	504,971	-	-	504,971
Patrons, Fines and Fees	180,625	-	-	180,625
Services Provided to Other Entities	2,038	-	-	2,038
Contributions, Gifts and Donations	23,562	-	-	23,562
Earnings on Investments	17,860	-	-	17,860
Miscellaneous	18,088	-	-	18,088
Total Receipts	5,760,722	-	-	5,760,722
Disbursements:				
Current:				
Salaries	2,833,009	-	-	2,833,009
Employee Fringe Benefits	688,390	-	-	688,390
Purchased and Contracted Services	809,015	-	\$ 112	809,127
Library Materials and Information	720,206	-	-	720,206
Supplies	93,862	-	-	93,862
Other	13,210	-	-	13,210
Capital Outlay	111,863	-	-	111,863
Debt Service:				
Principal Retirement	-	\$ 20,000	-	20,000
Interest & Fiscal Charges	-	7,700	-	7,700
Total Cash Disbursements	5,269,555	27,700	112	5,297,367
Total Receipts Over(Under) Disbursements	491,167	(27,700)	(112)	463,355
Other Financing Sources/Uses				
Transfers In	-	187,686	500,000	687,686
Transfers Out	(687,686)	-	-	(687,686)
Total Other Financing Sources/Uses	(687,686)	187,686	500,000	-
Excess Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(196,519)	159,986	499,888	463,355
Fund Balance January 1, 2010	891,979	27,700	254,880	1,174,559
Fund Balance December 31, 2010	\$ 695,460	\$ 187,686	\$ 754,768	\$ 1,637,914
Reserve for Encumbrances, December 31, 2010	\$ 170,725	\$ -	\$ -	\$ 170,725

See accompanying Notes to the Financial Statements.

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Geauga County Public Library, Geauga County, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a seven-member Board of Trustees; four trustees are appointed by Geauga County Commissioners and three by the Judge of the County Common Pleas Court. 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. BASIS OF ACCOUNTING

The Library prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

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

C. CASH

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. FUND ACCOUNTING

The Library maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

D. **FUND ACCOUNTING** – (continued)

Governmental Fund Types:

General Fund: The general operating fund of the Library. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

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

- *Connect Ohio Grant Fund* – This fund received money to purchase computers and conduct classes to teach the public to use the Internet.

Debt Service Fund: This fund accounts for resources the Library accumulates to pay bond and note debt.

The Library had the following significant Debt Service Fund:

- Debt Service Fund – This fund is used to accumulate resources for the payment of bonds and notes indebtedness for the Administrative Offices.

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:

- Building and Repair Fund – This fund accounts for monies set aside by the Board of Library Trustees specifically for major capital and technology improvements.

E. **BUDGETARY PROCESS**

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and object level of control.

A summary of 2010 and 2011 budgetary activity appears in Note 4.

F. **PROPERTY, PLANT AND EQUIPMENT**

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

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

G. ACCUMULATED LEAVE

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

H. FUND BALANCE

For December 31, 2011, fund balance is divided into 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 amend 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.

**GEAUGA COUNTY PUBLIC LIBRARY
 GEAUGA COUNTY, OHIO
 Notes to the Financial Statements
 For the Years Ended December 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

H. FUND BALANCE - (Continued)

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.

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	2011	2010
Demand Deposit		
Total Deposits	\$ 199,688	\$ 137,854
Investments:	199,688	137,854
Money Market Mutual Fund	3,709,809	1,482,048
Donated Stock (FMV at time of donation)	18,012	18,012
Total Investments	3,727,821	1,500,060
Total Deposits and Investments	\$ 3,927,509	\$ 1,637,914

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Library, or (3) collateralized by the financial institution’s public entity deposit pool.

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

3. GRANTS-IN-AID AND PROPERTY TAXES

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 county's prior intangibles tax of PLF 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 of any additional revenues the Library receives.

**GEAUGA COUNTY PUBLIC LIBRARY
 GEAUGA COUNTY, OHIO
 Notes to the Financial Statements
 For the Years Ended December 31, 2011 and 2010**

3. GRANTS-IN-AID AND PROPERTY TAXES – (Continued)

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the Library. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Geauga County Fiscal Office at 35% of appraised market value. All property is required to be revalued every six year. The last revaluation for the Library was completed in 2009; an update will be done in 2012.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is usually due December 31, with the remainder payable June 20.

Taxes collected from tangible personal property (other than public utility) received during calendar year 2011 represent the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes on business inventory, manufacturing and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied April 1, 2009 on the values listed as of December 31, 2009. Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Geauga County Fiscal Officer collects property taxes on behalf of the Library. The Geauga County Fiscal Officer remits the collected taxes to the Library. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and 2010 is as follows:

<u>Fund Type</u>	<u>2011 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 8,537,197	\$ 8,689,110	\$ 151,913
Special Revenue	27,969	27,969	-
Debt Service	-	-	-
Capital Projects	-	1,159,500	1,159,500
Total	\$ 8,565,166	\$ 9,876,579	\$ 1,311,413

**GEAUGA COUNTY PUBLIC LIBRARY
 GEAUGA COUNTY, OHIO
 Notes to the Financial Statements
 For the Years Ended December 31, 2011 and 2010**

4. BUDGETARY ACTIVITY – (Continued)

2011 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 8,627,605	\$ 7,504,210	\$ 1,123,395
Special Revenue	27,969	27,969	-
Debt Service	187,686	187,686	-
Capital Projects	754,768	112,621	642,147
Total	\$ 9,598,028	\$ 7,832,486	\$ 1,765,542

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 5,487,737	\$ 5,760,722	\$ 272,985
Debt Service	-	187,686	187,686
Capital Projects	-	500,000	500,000
Total	\$ 5,487,737	\$ 6,448,408	\$ 960,671

2010 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 6,207,903	\$ 6,127,966	\$ 79,937
Debt Service	27,700	27,700	-
Capital Projects	253,880	112	253,768
Total	\$ 6,489,483	\$ 6,155,778	\$ 333,705

Advances in and out are not required to be budgeted.

5. DEBT

The Library did not have any outstanding loans or capital leases as of December 31, 2011.

6. RETIREMENT SYSTEM

Employees of the Library belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a state operated, cost sharing, multiple employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

6. RETIREMENT SYSTEM – (Continued)

Contribution rates are prescribed by the Ohio Revised Code. OPERS members contributed 10% in 2010 and in 2011 of their gross pay while the Library contributed an amount equal to 14% of covered payroll for both years. The Library paid all required contributions through 2011.

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 and dental and vision coverage to full-time employees through a private carrier.

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

The Library pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

8. LEASES

In October 2008, the Library entered into a 60-month agreement with Pitney Bowes for the lease of postage machines. The last payment is due in 2013.

<u>Year</u>	<u>Amount</u>
2012	\$ 4,020
2013	<u>3,015</u>
Total	<u>\$ 7,035</u>

Also, in 2008, the Library entered into a maintenance and support agreement with Liblime, a division of PTFs. The Library owes \$32,526 in 2012.

9. TRANSFERS

In 2010, The General Fund transferred \$687,686 to the Building and Repair Fund – Capital Projects Fund (\$500,000) and the Debt Service Fund (\$187,686) for building repairs/construction and debt service payments, respectively.

In 2011, The General Fund transferred \$1,159,500 to the Building and Repair Fund – Capital Projects Fund for building repairs and construction.

10. ADVANCES

In 2011, the General Fund advanced the Connect Ohio Grant Fund – Special Revenue fund \$29,969 to purchase computers and conduct classes. The General Fund was reimbursed upon receipts of funds from the State of Ohio.

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

11. SUBSEQUENT EVENTS

The Library filed a lawsuit in Geauga County Common Pleas Court against the general contractor and the architect related to the roofing system at the Middlefield branch. Remedial work that was required has been bid and, to some extent completed. The total cost of the works exceeds \$1,000,000.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Geauga County Public Library
Geauga County
12701 Ravenwood Drive
Chardon, OH 44024

To the Library Trustees:

We have audited the financial statements of the Geauga County Public Library, Geauga County, Ohio (the Library) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated April 27, 2012, 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. Also, for 2011, we noted the District implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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.

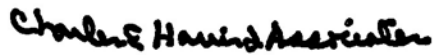
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies 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 over financial reporting 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 we must report under *Government Auditing Standards*.

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

A handwritten signature in black ink that reads "Charles E. Harris" followed by a stylized flourish.

Charles E. Harris and Associates, Inc.

April 27, 2012

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY
For the Years Ended December 31, 2011 and 2010**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report, for the years ending December 31, 2009 and 2008, reported no material citations or recommendations.

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Dave Yost • Auditor of State

GEAUGA COUNTY PUBLIC LIBRARY

GEAUGA 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 05, 2012**