



Dave Yost • Auditor of State



**LEETONIA COMMUNITY PUBLIC LIBRARY  
COLUMBIANA COUNTY**

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# Dave Yost • Auditor of State

Leetonia Community Public Library  
Columbiana County  
PO Box 111  
Leetonia, Ohio 44431

To the Board of Library 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 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. 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.

A handwritten signature in cursive script that reads "Dave Yost".

**Dave Yost**  
Auditor of State

August 31, 2012

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Leetonia Community Public Library  
Columbiana County  
PO Box 111  
Leetonia, Ohio 44431

To the Board of Library Trustees:

We have audited the accompanying financial statements of the Leetonia Community Public Library, Columbiana County, (the Library) 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. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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 Library's 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 Library 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 Leetonia Community Public Library, Columbiana County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1F, during 2011 the Leetonia Community Public Library 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 August 31, 2012, 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.



**Dave Yost**  
Auditor of State

August 31, 2012



**LEETONIA COMMUNITY PUBLIC LIBRARY  
COLUMBIANA COUNTY**

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

	General	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Public Library	\$219,938	\$51,482		\$271,420
Patron Fines and Fees	7,259			7,259
Contributions, Gifts and Donations	10,200			10,200
Earnings on Investments	1,062			1,062
Miscellaneous	284			284
<i>Total Cash Receipts</i>	<u>238,743</u>	<u>51,482</u>	<u>0</u>	<u>290,225</u>
<b>Cash Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	216,496			216,496
Capital Outlay	920			920
Debt Service:				
Principal Retirement		19,300		19,300
Interest and Fiscal Charges		33,210		33,210
<i>Total Cash Disbursements</i>	<u>217,416</u>	<u>52,510</u>	<u>0</u>	<u>269,926</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>21,327</u>	<u>(1,028)</u>	<u>0</u>	<u>20,299</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	30,757			30,757
Transfers In		5,268		5,268
Transfers Out	(5,268)			(5,268)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>25,489</u>	<u>5,268</u>	<u>0</u>	<u>30,757</u>
<i>Net Change in Fund Cash Balances</i>	46,816	4,240	0	51,056
<i>Fund Cash Balances, January 1</i>	<u>234,516</u>	<u>19,456</u>	<u>20,970</u>	<u>274,942</u>
<b>Fund Cash Balances, December 31</b>				
Committed			20,970	20,970
Restricted		23,696		23,696
Unassigned (Deficit)	281,332			281,332
<i>Fund Cash Balances, December 31</i>	<u>\$281,332</u>	<u>\$23,696</u>	<u>\$20,970</u>	<u>\$325,998</u>

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

**LEETONIA COMMUNITY PUBLIC LIBRARY  
COLUMBIANA COUNTY**

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

	General	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Public Library	\$237,529	\$12,871		\$250,400
Intergovernmental	30,000			30,000
Patron Fines and Fees	6,854			6,854
Contributions, Gifts and Donations	15,976			15,976
Earnings on Investments	1,479			1,479
Miscellaneous	289			289
<i>Total Cash Receipts</i>	<u>292,127</u>	<u>12,871</u>	<u>0</u>	<u>304,998</u>
<b>Cash Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	188,700			188,700
Capital Outlay	6,083			6,083
Debt Service:				
Principal Retirement		18,600		18,600
Interest and Fiscal Charges		32,882		32,882
<i>Total Cash Disbursements</i>	<u>194,783</u>	<u>51,482</u>	<u>0</u>	<u>246,265</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>97,344</u>	<u>(38,611)</u>	<u>0</u>	<u>58,733</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		58,067		58,067
Transfers Out	(58,067)			(58,067)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(58,067)</u>	<u>58,067</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	39,277	19,456	0	58,733
<i>Fund Cash Balances, January 1</i>	<u>195,239</u>	<u>0</u>	<u>20,970</u>	<u>216,209</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$234,516</u></u>	<u><u>\$19,456</u></u>	<u><u>\$20,970</u></u>	<u><u>\$274,942</u></u>

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

**LEETONIA COMMUNITY PUBLIC LIBRARY  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**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 Leetonia Community Public Library, Columbiana County, (the Library) as a body corporate and politic. The Leetonia Exempted Village School District Board of Education appoint 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. Budgetary presentations report budgetary expenditures when a commitment is made.

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.

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. Debt Service Funds**

These funds account for resources the Library accumulates to pay bond and note debt. The Library had the following significant Debt Service Funds:

Library Facilities Note Retirement Fund: This fund was established to maintain the debt utilized for the construction of the new building.

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects. The Library did not use this fund for the audit period.

LEETONIA COMMUNITY PUBLIC LIBRARY  
COLUMBIANA COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. Budgetary Process

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

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. **Nonspendable**

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

2. **Restricted**

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

3. **Committed**

Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees 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.

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.

**LEETONIA COMMUNITY PUBLIC LIBRARY  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**G. Property, Plant, and Equipment**

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

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	2011	2010
Demand deposits	\$67,382	\$67,355
Total deposits	67,382	67,355
STAR Ohio	3,189	3,187
Money Market	255,427	204,400
Total investments	258,616	207,587
Total deposits and investments	\$325,998	\$274,942

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

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

**3. BUDGETARY ACTIVITY**

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

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$250,919	\$269,500	\$18,581
Debt Service	57,268	56,750	(518)
Total	\$308,187	\$326,250	\$18,063

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$244,365	\$222,684	\$21,681
Debt Service	57,778	52,510	5,268
Total	\$302,143	\$275,194	\$26,949

**LEETONIA COMMUNITY PUBLIC LIBRARY  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**3. BUDGETARY ACTIVITY – (Continued)**

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$289,455	\$292,127	\$2,672
Debt Service	70,938	70,938	0
Total	\$360,393	\$363,065	\$2,672

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$273,758	\$252,850	\$20,908
Private Purpose Trust	51,482	51,482	0
Total	\$325,240	\$304,332	\$20,908

**4. GRANTS-IN-AID AND TAX RECEIPTS**

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

**5. DEBT**

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
Library Fund Facilities Notes	\$762,100	4.25%
Total	\$762,100	

The Library issued notes to finance the construction of a new library facility.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Library Facilities Note
2012	\$52,572
2013	52,572
2014	52,572
2015	52,572
2016	52,572
2017-2021	262,858
2022-2026	262,858
2027-2031	262,858
2032-2035	208,144
Total	\$1,259,578

**LEETONIA COMMUNITY PUBLIC LIBRARY  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**6. 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 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2011.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

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# Dave Yost • Auditor of State

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

Leetonia Community Public Library  
Columbiana County  
PO Box 111  
Leetonia, Ohio 44431

To the Library Board of Trustees:

We have audited the financial statements of Leetonia Community Public Library (the Library) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated August 31, 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. We also noted the Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. For the period ending December 31, 2011, we also noted the Library adopted Governmental Accounting Standards Board Statement No. 54. 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 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated August 31, 2012.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State

August 31, 2012

LEETONIA COMMUNITY PUBLIC LIBRARY  
COLUMBIANA COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2011 AND 2010

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

1. USDA Rural Loans Special Funds

<i>Finding Number</i>	2011-001
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NONCOMPLIANCE

On February 5, 2008, the Leetonia Community Public Library entered into a Community Facilities Loan with the United States Department of Agriculture (USDA) for \$800,000. The money was received from USDA on October 13, 2009. USDA Form RD 1942-47 (loan resolution) states "Now therefore in consideration of the premises the Association (Library) hereby resolves: to have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government" The Library passes Resolution #092909 to satisfy this requirement.

**Section (3) Paragraphs (A) and (B) of Resolution number 092909** adopted by the Library Board of Trustees as required by the USDA states "The Clerk of the Board of Library Trustees is hereby directed to create the following funds in the custody of the Board of Library Trustees (the "Special Funds") into which the proceeds of the Notes and the Revenues shall be deposited and used for the purposes indicated, and for no other purposes, which funds shall be established and maintained except as otherwise provided so long as any Notes remain unpaid:

**A. Project Fund.** All proceeds of the Notes shall be deposited in a fund hereby established to pay costs of the Project (the "Project Fund") and withdrawn in accordance with Ohio law only for the purpose of paying costs of the Project. When the Project has been completed, any remaining proceeds of the Notes shall be deposited in the Library Facilities Note Retirement Fund (as hereinafter defined).

**B. Revenue Fund.** Notwithstanding any other resolution or action to the contrary, at the time of each distribution (by advance, settlement of otherwise) of the Revenues to the Board of Library Trustees, the Revenues shall, immediately upon receipt by the Board of Library Trustees, be set aside into the separate fund hereby established (the "Revenue Fund"), and monies so deposited in the Revenue Fund shall be expended and used only in the manner and order as follows:

**(1) Library Facilities Note Retirement Fund.** There shall be transferred each month from the Revenue Fund, and deposited in a separate fund hereby established (the "Library Facilities Note Retirement Fund"), a sum equal to at least one-twelfth (1/12) (or such larger amounts as necessary) of the sum of the amount of interest due on the next ensuing interest payment date with respect to all Notes outstanding plus the amount necessary to provide for payment of the next ensuing principal maturity of the Notes outstanding. If for any reason there is a failure to make such monthly deposit, then an amount equal to the deficiency shall be set aside and deposited in the Library Facilities Note Retirement Fund from the Revenues on deposit in the Revenue Fund in the ensuing month or months. Whenever there shall accumulate in the Library Facilities Note Retirement Fund an amount equal to the requirements during the next twelve (12) months for paying the principal of Notes falling due and interest on all outstanding Notes, such deposits may be discontinued.

<b><i>Finding Number</i></b>	<b>2011-001 – (Continued)</b>
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(2) **Reserve Fund.** There shall be transferred from the Revenue Fund and deposited in a special fund hereby established (the "Reserve Fund") , the sum of \$439 each month until there is accumulated in such fund the sum of \$52,678 (the "Minimum Reserve"), after which no further deposits need be made into such fund except to replace withdrawals. With the approval of the United States of America, the Minimum Reserve shall be used and disbursed only for the purpose of paying the cost of repairing or replacing any damage to the Project which may be caused by an unforeseen catastrophe, and when necessary for the purpose of making payments of principal and interest on the Notes hereby authorized if the amount in the Library Facilities Note Retirement Fund is not sufficient to meet such payments. Whenever disbursements are made from such fund, monthly payments shall be resumed until there is again accumulated in such fund an amount equal to the Minimum Reserve, at which time payments may again be discontinued.

(3) **Surplus Fund.** Each month, all Revenues in the Revenue Fund remaining after making deposits required above, shall be retained in a special fund hereby created, and shall be used to pay the principal of the interest on the Notes to the extent moneys in the Library Facilities Note Retirement Fund are insufficient, and otherwise may be used for making extensions or improvements to the Project, redeeming outstanding Notes prior to maturity, paying other obligations issued to finance improvements to the Project, paying lawful expenses of the Board of Library Trustees, and any other use of the Revenues authorized by law.

The Library failed to create the Revenue Fund, as of December 31, 2011. Further, although the Library made transfers to the Reserve Fund, it did not make the required monthly \$439 transfers. In 2010 the transfer was made in one lump sum and in 2011 the monthly transfers varied in amount.

We recommend the Library create the Revenue Fund and to make the required monthly contributions to the Reserve Fund to ensure compliance with USDA requirements.

**Official's Response:** We did not receive a response from Officials to the findings reported above.

**LEETONIA COMMUNITY PUBLIC LIBRARY  
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2009-001	The Board did not create the proper special funds and make the required transfers to the Library Facilities Note Retirement Fund or the Reserve Fund.	No	Not corrected, repeat as finding # 2011-001
2009-002	The Library did not submit the quarterly report to the USDA for the quarter ending December 31, 2009	Yes	
2009-003	The Library did not create the special funds as of December 31, 2009 and did not make the required transfers.	No	Not corrected, repeat as finding # 2011-001

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# Dave Yost • Auditor of State

LEETONIA COMMUNITY PUBLIC LIBRARY

COLUMBIANA 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  
OCTOBER 16, 2012