



Dave Yost • Auditor of State

LISBON LEPPER LIBRARY
COLUMBIANA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2011	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2010.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15

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Dave Yost • Auditor of State

Lisbon Lepper Library Association
Columbiana County
303 Lincoln Way
Lisbon, Ohio 44432

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Library to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 8, 2013

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Lisbon Lepper Library Association
Columbiana County
303 Lincoln Way
Lisbon, Ohio 44432

To the Board of Trustees:

We have audited the accompanying financial statements of Lisbon Lepper Library Association, 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.

In our opinion, because of the effects of the matters discussed in the preceding three 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, 2010 and the reserves for encumbrances as of December 31, 2010 of Lisbon Lepper Library Association, Columbiana County, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

During 2011, the Library did not adopt Governmental Accounting Standards Board Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definition*, and issued financial statements that did not comply with this standard.

In our opinion, except for the issue above, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and the reserves for encumbrances as of December 31, 2011 of Lisbon Lepper Library Association, Columbiana County, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2013, 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

May 8, 2013

**LISBON LEPPER LIBRARY ASSOCIATION
COLUMBIANA COUNTY**

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

	All Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Library and Local Government Support	\$ 420,924				\$ 420,924
Intergovernmental	91,900				91,900
Patron Fines and Fees	9,618				9,618
Contributions, Gifts and Donations	9,658				9,658
Earnings on Investments	196				196
Miscellaneous	10,585				10,585
Total Cash Receipts	542,881	0	0	0	542,881
Cash Disbursements:					
Current:					
Salaries	213,136				213,136
Employee Fringe Benefits	62,136				62,136
Purchased and Contractual Services	62,478				62,478
Library Materials and Information	58,554				58,554
Supplies	24,969				24,969
Other	5,473				5,473
Capital Outlay	408,241				408,241
Debt Service:					
Redemption of Principal	18,800				18,800
Interest and Other Fiscal Charges	7,517				7,517
Total Cash Disbursements	861,304	0	0	0	861,304
Total Receipts Over/(Under) Disbursements	(318,423)	0	0	0	(318,423)
Other Financing Receipts / (Disbursements):					
Sale of Fixed Assets	1,331				1,331
Transfers-In	55,841				55,841
Transfers-Out			(55,841)		(55,841)
Total Other Financing Receipts / (Disbursements)	57,172	0	(55,841)	0	1,331
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(261,251)	0	(55,841)	0	(317,092)
Fund Cash Balances, January 1	282,687	285	55,841	16,000	354,813
Fund Cash Balances, December 31	\$21,436	\$285	\$0	\$16,000	\$37,721
Reserve for Encumbrances, December 31	\$0	\$0	\$0	\$0	\$0

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

**LISBON LEPPER LIBRARY ASSOCIATION
COLUMBIANA 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				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Library and Local Government Support	\$ 414,326				\$ 414,326
Intergovernmental	210,100				210,100
Patron Fines and Fees	7,192				7,192
Services Provided to Other Entities					0
Contributions, Gifts and Donations	8,199				8,199
Earnings on Investments	5,543				5,543
Miscellaneous	17,863				17,863
Total Cash Receipts	663,223	0	0	0	663,223
Cash Disbursements:					
Current:					
Salaries	211,433				211,433
Employee Fringe Benefits	65,633				65,633
Purchased and Contractual Services	57,145				57,145
Library Materials and Information	54,545				54,545
Supplies	18,803				18,803
Other	6,118				6,118
Capital Outlay	1,775,807				1,775,807
Total Cash Disbursements	2,189,484	0	0	0	2,189,484
Total Receipts Over/(Under) Disbursements	(1,526,261)	0	0	0	(1,526,261)
Other Financing Receipts / (Disbursements):					
Transfers-In	1,081,259				1,081,259
Transfers-Out			(1,081,259)		(1,081,259)
Total Other Financing Receipts / (Disbursements)	1,081,259	0	(1,081,259)	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(445,002)	0	(1,081,259)	0	(1,526,261)
Fund Cash Balances, January 1	727,689	285	1,137,100	16,000	1,881,074
Fund Cash Balances, December 31	\$282,687	\$285	\$55,841	\$16,000	\$354,813
Reserve for Encumbrances, December 31	\$17	\$0	\$0	\$0	\$0

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

**LISBON LEPPER LIBRARY ASSOCIATION
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 Lisbon Lepper Library Association, Columbiana County, (the Library) as a body corporate and politic. Lisbon Lepper Library Association appoints a eight-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. Deposits and Investments

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library values certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

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

2. Capital Project 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 funds:

Capital Project Fund – This fund received monies from contributions and transfers from the General fund. Proceeds were used for buildings and building improvements.

**LISBON LEPPER LIBRARY ASSOCIATION
COLUMBIANA COUNTY**

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

1. Summary of Significant Accounting Policies – (Continued)

3. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Library's programs. The John Clark fund had no activity for the audit period, since the interest is posted to the General fund to use to purchase books. The beginning balance equaled the ending balance for both years.

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 object level of control.

A summary of 2011 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.

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	\$7,493	\$137,763
Certificates of deposit	16,000	16,000
Total deposits	23,493	153,763
Money Market Account	14,228	201,050
Total investments	14,228	201,050
Total deposits and investments	\$37,721	\$354,813

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

**LISBON LEPPER LIBRARY ASSOCIATION
COLUMBIANA COUNTY**

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

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	\$614,133	\$600,053	(\$14,080)
Capital Projects	0	0	0
Total	\$614,133	\$600,053	(\$14,080)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$901,908	\$861,304	\$40,604
Capital Projects	55,841	55,841	0
Total	\$957,749	\$917,145	\$40,604

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,702,799	\$1,744,482	(\$958,317)
Capital Projects	233,427	0	(233,427)
Total	\$2,936,226	\$1,744,482	(\$1,191,744)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,454,841	\$2,189,483	\$265,358
Capital Projects	1,138,101	1,081,259	56,842
Total	\$3,592,942	\$3,270,742	\$322,200

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.

**LISBON LEPPER LIBRARY ASSOCIATION
COLUMBIANA COUNTY**

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

5. Debt

Debt outstanding at December 31, 2011 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Library Facilities Note	<u>\$208,200</u>	4%
Total	<u><u>\$208,200</u></u>	

The Library issued general obligation notes to finance the purchase of equipping and otherwise improving the library facilities and their sites under authority of and pursuant to the laws of the State of Ohio, particularly Sections 3375.40 and 3375.404 of the Revised Code. The Library's taxing authority collateralized the notes.

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

Year ending December 31:	<u>General Obligation Notes</u>
2012	\$28,028
2013	28,040
2014	28,020
2015	27,968
2016	27,984
2017-2020	<u>111,960</u>
Total	<u><u>\$252,000</u></u>

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%, respectively, of their gross salaries and the Library contributed an amount equaling 14%, respectively, 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.

**LISBON LEPPER LIBRARY ASSOCIATION
COLUMBIANA COUNTY**

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

8. Contingent Liabilities

Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



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

Lisbon Lepper Library Association
Columbiana County
303 Lincoln Way
Lisbon, Ohio 44432

To the Board of Trustees:

We have audited the financial statements of Lisbon Lepper Library Association, Columbiana County, (the Library) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated May 8, 2013, 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. We also noted during 2011, the Library did not adopt Governmental Accounting Standards Board Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definition*, and issued financial statements that did not comply with this standard. Except as discussed in the preceding sentence, 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 opinion 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-01 described in the accompanying schedule of findings to be a material weakness.

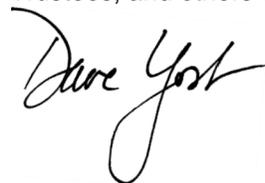
Compliance and Other Matters

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 did note certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated May 8, 2013.

The Library's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Library's response and, accordingly, we express no opinion on it.

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



Dave Yost
Auditor of State

May 8, 2013

**LISBON LEPPER LIBRARY ASSOCIATION
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2011-01

MATERIAL WEAKNESS

Governmental Accounting Standards Board (GASB) Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions - establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made in reporting fund balance information is identifying amounts that are considered nonspendable, such as fund balance associated with inventories. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Additionally, AOS Bulletin 2011-004 requires local governments preparing regulatory statements to implement both the new fund balance classifications and the government fund type definitions, as stated in GASB 54. The Library should ensure that GASB 54 is implemented and reflected on their financial statements.

Official's Response: The Library said GASB 54 will be implemented in 2013.

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LISBON LEPPER LIBRARY ASSOCIATION

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 1, 2013**