



Mary Taylor, CPA
Auditor of State

**EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY
COLUMBIANA COUNTY**

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Mary Taylor, CPA
Auditor of State

East Liverpool Carnegie Public Library
Columbiana County
219 East Fourth Street
East Liverpool, Ohio 43920

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 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.

Mary Taylor

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October 27, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

East Liverpool Carnegie Public Library
Columbiana County
219 East Fourth Street
East Liverpool, Ohio 43920

To the Board of Trustees:

We have audited the accompanying financial statements of East Liverpool Carnegie Public Library, Columbiana County, (the Library) as of and for the years ended December 31, 2009 and 2008. 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(B) and 115.56 mandate 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 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, 2009 and 2008 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, 2009 and 2008, 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 and reserves for encumbrances of East Liverpool Carnegie Public Library, Columbiana County, as of December 31, 2009 and 2008, 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 October 27, 2010, 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.



Mary Taylor, CPA
Auditor of State

October 27, 2010

**EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY
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, 2009**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Library and Local Government Support	\$619,347		\$619,347
Patron Fines and Fees	10,619		10,619
Intergovernmental		\$3,100	3,100
Unrestricted Contributions		1,050	1,050
Contributions, Gifts, and Donations	3,164		3,164
Earnings on Investments	5,902		5,902
Miscellaneous	21,118		21,118
	<hr/>		<hr/>
Total Cash Receipts	660,150	4,150	664,300
	<hr/>		<hr/>
Cash Disbursements:			
Current:			
Salaries	349,108		349,108
Employee Fringe Benefits	183,954		183,954
Purchased and Contracted Services	59,737		59,737
Library Materials and Information	78,614		78,614
Supplies	7,271	46	7,317
Other	6,178		6,178
Capital Outlay	1,635		1,635
	<hr/>		<hr/>
Total Cash Disbursements	686,497	46	686,543
	<hr/>		<hr/>
Total Receipts Over/(Under) Disbursements	(26,347)	4,104	(22,243)
	<hr/>		<hr/>
Fund Cash Balances, January 1	215,072	2,132	217,204
	<hr/>		<hr/>
Fund Cash Balances, December 31	188,725	6,236	194,961
	<hr/>		<hr/>
Reserve for Encumbrances, December 31	\$4,217		\$4,217
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The notes to the financial statements are an integral part of this statement.

**EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY
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, 2008**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Library and Local Government Support	\$723,960		\$723,960
Patron Fines and Fees	8,430		8,430
Intergovernmental		\$20,110	20,110
Restricted Contributions	1,947	6,195	8,142
Earnings on Investments	9,533		9,533
Miscellaneous	35,420		35,420
	<u>779,290</u>	<u>26,305</u>	<u>805,595</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries	402,583		402,583
Employee Fringe Benefits	191,106		191,106
Purchased and Contracted Services	91,677		91,677
Library Materials and Information	112,060	19,074	131,134
Supplies	13,544	7,474	21,018
Other	10,619		10,619
	<u>821,589</u>	<u>26,548</u>	<u>848,137</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(42,299)</u>	<u>(243)</u>	<u>(42,542)</u>
Fund Cash Balances, January 1	<u>257,371</u>	<u>2,375</u>	<u>259,746</u>
Fund Cash Balances, December 31	<u>\$215,072</u>	<u>\$2,132</u>	<u>\$217,204</u>
Reserve for Encumbrances, December 31	<u>\$32,330</u>		<u>\$32,330</u>

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

**EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 East Liverpool Carnegie Public Library, Columbiana County, (the Library) as a body corporate and politic. The Mayor of East Liverpool appoints a six-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 deposits 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. Special Revenue Funds

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

Grant Fund - This fund accounts for grant monies received to spend for specific purposes.

**EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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, function, and object level of control.

A summary of 2009 and 2008 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 pool for all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2009	2008
Demand deposits	\$55,355	\$2,089
Certificates of deposit	139,606	215,115
Total deposits	\$194,961	\$217,204

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$819,098	\$660,150	(\$158,948)
Special Revenue	800	4,150	3,350
Total	\$819,898	\$664,300	(\$155,598)

**EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. BUDGETARY ACTIVITY - (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$998,318	\$690,714	\$307,604
Special Revenue	4,932	46	4,886
Total	\$1,003,250	\$690,760	\$312,490

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$869,179	\$779,290	(\$89,889)
Special Revenue		26,305	26,305
Total	\$869,179	\$805,595	(\$63,584)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,135,729	\$853,919	\$281,810
Special Revenue	29,013	26,548	2,465
Total	\$1,164,742	\$880,467	\$284,275

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 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.

5. RETIREMENT SYSTEM

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, 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, 2009.

**EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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



Mary Taylor, CPA

Auditor of State

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

East Liverpool Carnegie Public Library
Columbiana County
219 East Fourth Street
East Liverpool, Ohio 43920

To the Board of Trustees:

We have audited the financial statements of East Liverpool Carnegie Public Library (the Library) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated October 27, 2010 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 also noted the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library. 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(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonable assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, 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 also noted certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated October 27, 2010.

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

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

Mary Taylor, CPA
Auditor of State

October 27, 2010

**EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

Material Weakness

The Library did not correctly code and classify the following receipts and disbursements in 2008 and 2009, which resulted in adjustments to the financial statements. Also, the Library did not reconcile the bank balance to the book balances each month. The Library Fiscal Officer has agreed to the reclassifications and to the adjustments and these corrected amounts are reflected in the accompanying financial statements. The adjustments have also been posted to the Library ledgers.

Fund Name	Account Type	Amount	Description
2008			
Reclassifications			
Grant	Intergovernmental receipts	\$20,110	Recorded as a restricted contribution.
Adjustments			
General	Interest receipts	(\$8,135)	Net amount of interest recorded twice and/or not at all.
General	Patron fines and fees	\$57	Patron receipts not posted on ledger.
General	Miscellaneous receipts	(\$38)	Receipts not posted properly on ledger.
Grant	Contributions	(\$2,000)	Recorded as an in-kind contribution.
General	Salaries	(\$1,773)	IRS remittance posted twice.
General	Other disbursements	(\$667)	Disbursements not posted properly.
2009			
Reclassifications			
Grant	Intergovernmental receipts	\$3,100	Recorded as restricted contributions.
Adjustments			
General	Interest receipts	\$2,410	Interest not posted on ledger.
General	Miscellaneous receipts	(\$964)	Receipts were posted twice.
General	Other disbursements	(\$2,386)	Disbursements not posted properly.

Failure to post all receipts and all disbursements to the ledgers increases the possibility that the Library will not be able to identify, assemble, analyze, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements. Failure to maintain accurate monthly reconciliations increases the risk of discrepancies and errors going undetected. The Library Fiscal Officer should maintain the accounting system to enable the Library to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Library is accurately recorded and reported. In addition, the Library should adopt procedures for the preparation of accurate monthly reconciliations and procedures for the review of posted transactions, subsequent posting to the financial statements and monthly reconciliations..

Officials' Response

We did not receive a response from officials to this finding.

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**EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected ?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Finding for Recovery, Ohio Revised Code Section 9.39 – Money was collected but not deposited in the bank.	Yes	Paid in full during 2009.
2007-002	The Library did not maintain an accounting system to assure correct coding and classification of transactions and proper reconciliations to the bank depositories.	No	Repeated as 2009-001.

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Auditor of State

EAST LIVERPOOL CARNEGIE 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
DECEMBER 16, 2010**