



Mary Taylor, CPA
Auditor of State

MORLEY LIBRARY
LAKE COUNTY

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Mary Taylor, CPA

Auditor of State

Morley Library
Lake County
184 Phelps Street
Painesville, Ohio 44077

To the Library 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.

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Mary Taylor, CPA
Auditor of State

December 2, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Morley Library
Lake County
184 Phelps Street
Painesville, Ohio 44077

To the Library Board of Trustees:

We have audited the accompanying financial statements of Morley Library, Lake County, Ohio, (the Library) as of and for the years ended December 31, 2008 and December 31, 2007. 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 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, 2008 and December 31, 2007 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, 2008 and December 31, 2007, 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 of Morley Library, Lake County, Ohio, as of December 31, 2008 and December 31, 2007, 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 December 2, 2009, 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 2, 2009

**MORLEY LIBRARY
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

| | Governmental Fund Types | | | | | Totals (Memorandum Only) |
|--|-------------------------|--------------------|------------------|---------------------|------------------|--------------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Permanent | |
| Cash Receipts: | | | | | | |
| Property and Other Local Taxes | \$1,023,500 | | \$756,684 | | | \$1,780,184 |
| Intergovernmental | 1,857,961 | | 102,746 | | | 1,960,707 |
| Services Provided to Other Entities | | \$18,310 | | | | 18,310 |
| Patron Fines and Fees | 87,712 | | | | | 87,712 |
| Contributions, Gifts and Donations | 3,575 | 5,000 | | | \$4,454 | 13,029 |
| Earnings on Investments | 8,442 | 99,883 | 4,921 | \$257,812 | | 371,058 |
| Miscellaneous | 28,609 | | | | | 28,609 |
| Total Cash Receipts | 3,009,799 | 123,193 | 864,351 | 257,812 | 4,454 | 4,259,609 |
| Cash Disbursements: | | | | | | |
| Current: | | | | | | |
| Salaries | 1,324,053 | 8,081 | | | | 1,332,134 |
| Employee Fringe Benefits | 439,529 | 1,522 | | | | 441,051 |
| Purchased and Contractual Services | 445,239 | 1,394 | 9,448 | | | 456,081 |
| Library Materials and Information | 557,380 | 12,156 | | | | 569,536 |
| Supplies | 61,408 | 384 | | | | 61,792 |
| Other | 34,116 | | | | | 34,116 |
| Capital Outlay | 7,561 | 4,734 | | 868 | | 13,163 |
| Debt Service: | | | | | | |
| Redemption of Principal | | | 475,000 | | | 475,000 |
| Interest and Other Fiscal Charges | | | 418,337 | | | 418,337 |
| Total Cash Disbursements | 2,869,286 | 28,271 | 902,785 | 868 | 0 | 3,801,210 |
| Total Receipts Over/(Under) Disbursements | 140,513 | 94,922 | (38,434) | 256,944 | 4,454 | 458,399 |
| Fund Cash Balances, January 1, 2008 | 358,222 | 3,613,649 | 283,770 | 3,549,017 | 442,487 | 8,247,145 |
| Fund Cash Balances, December 31, 2008 | \$498,735 | \$3,708,571 | \$245,336 | \$3,805,961 | \$446,941 | \$8,705,544 |

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

**MORLEY LIBRARY
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>Governmental Fund Types</u> | | | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|-------------------------|-----------------------------|-------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Permanent</u> | |
| Cash Receipts: | | | | | | |
| Property and Other Local Taxes | \$1,048,400 | | \$770,839 | | | \$1,819,239 |
| Intergovernmental | 1,832,416 | \$2,725 | 83,749 | | | 1,918,890 |
| Patron Fines and Fees | 76,442 | | | | | 76,442 |
| Contributions, Gifts and Donations | 6,000 | | | | \$3,594 | 9,594 |
| Earnings on Investments | 32,189 | 110,322 | 777 | 269,547 | | 412,835 |
| Miscellaneous | 9,018 | | 85 | | | 9,103 |
| Total Cash Receipts | <u>3,004,465</u> | <u>113,047</u> | <u>855,450</u> | <u>269,547</u> | <u>3,594</u> | <u>4,246,103</u> |
| Cash Disbursements: | | | | | | |
| Current: | | | | | | |
| Salaries | 1,249,403 | 6,918 | | | | 1,256,321 |
| Employee Fringe Benefits | 367,535 | 994 | | | | 368,529 |
| Purchased and Contractual Services | 384,988 | 635 | 9,592 | | | 395,215 |
| Library Materials and Information | 593,360 | | | | | 593,360 |
| Supplies | 61,175 | 487 | | | | 61,662 |
| Other | 12,346 | | | | | 12,346 |
| Capital Outlay | 24,158 | 5,124 | | 10,916 | | 40,198 |
| Debt Service: | | | | | | |
| Redemption of Principal | | | 455,000 | | | 455,000 |
| Interest and Other Fiscal Charges | | | 430,395 | | | 430,395 |
| Total Cash Disbursements | <u>2,692,965</u> | <u>14,158</u> | <u>894,987</u> | <u>10,916</u> | <u>0</u> | <u>3,613,026</u> |
| Total Receipts Over/(Under) Disbursements | <u>311,500</u> | <u>98,889</u> | <u>(39,537)</u> | <u>258,631</u> | <u>3,594</u> | <u>633,077</u> |
| Other Financing Receipts / (Disbursements): | | | | | | |
| Sale of Fixed Assets | 55 | | | | | 55 |
| Transfers In | | 350,000 | | | | 350,000 |
| Transfers Out | (350,000) | | | | | (350,000) |
| Total Other Financing Receipts / (Disbursements) | <u>(349,945)</u> | <u>350,000</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>55</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | <u>(38,445)</u> | <u>448,889</u> | <u>(39,537)</u> | <u>258,631</u> | <u>3,594</u> | <u>633,132</u> |
| Fund Cash Balances, January 1, 2007 | <u>396,667</u> | <u>3,164,760</u> | <u>323,307</u> | <u>3,290,386</u> | <u>438,893</u> | <u>7,614,013</u> |
| Fund Cash Balances, December 31, 2007 | <u>\$358,222</u> | <u>\$3,613,649</u> | <u>\$283,770</u> | <u>\$3,549,017</u> | <u>\$442,487</u> | <u>\$8,247,145</u> |

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

**MORLEY LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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 Morley Library, Lake County, Ohio, (the Library) as a body corporate and politic. The Lake County Commissioners 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 (i.e., when an encumbrance is approved).

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

C. Cash and Investments

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment 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 certificate of deposits and U.S. Treasury Notes at cost. The Library invested in STAR Ohio (the State Treasurer's investment pool) which is valued at amounts reported by the State Treasurer.

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 Funds:

**MORLEY LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Grant Fund – This fund is used to account for proceeds from the OhioReads, and (LSTA) Library Services and Technology Act grants.

Morley Memorial Expendable Trust Fund – This fund receives donations to be used at the Library's discretion.

3. 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 collects property tax monies to pay the Library's general obligation bonds.

4. 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 Fund – This fund accounts for all activity related to the construction of the new library building.

Note Proceeds Fund – This fund accounts for the interest earned on the general obligation bond proceeds and reimburses the Building Fund as funds are spent on Capital Projects.

5. Permanent Fund

This fund accounts 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 Library had the following significant permanent fund:

Morley Endowment Fund – This fund receives donations in which the Library is not allowed to expend the principal of the donation. The Library is permitted to spend the interest earned on the principal.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. 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 2008 and 2007 budgetary activity appears in Note 3.

**MORLEY LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. Equity in Pooled Cash and Investments

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

| | 2008 | 2007 |
|--------------------------------|-------------|-------------|
| Demand deposits | \$645,431 | (\$60,021) |
| Certificate of deposit | 0 | 109,052 |
| Total deposits | 645,431 | 49,031 |
| U.S. Treasury Notes | 7,044,916 | 7,156,568 |
| STAR Ohio | 1,015,197 | 869,318 |
| Repurchase agreements | 0 | 172,228 |
| Total investments | 8,060,113 | 8,198,114 |
| Total deposits and investments | \$8,705,544 | \$8,247,145 |

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

Investments: The Federal Reserve holds the Library's U.S. Treasury Notes in book-entry form, in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities.

The Library's financial institution transfers securities to the Library's agent to collateralize repurchase agreements. The securities are not in the Library's name.

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

**MORLEY LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2008 and December 31, 2007 follows:

| 2008 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|---------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$2,985,521 | \$3,009,799 | \$24,278 |
| Special Revenue | 138,439 | 123,193 | (15,246) |
| Debt Service | 845,099 | 864,351 | 19,252 |
| Capital Projects | 3,582,000 | 257,812 | (3,324,188) |
| Permanent | 0 | 4,454 | 4,454 |
| Total | \$7,551,059 | \$4,259,609 | (\$3,291,450) |

| 2008 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$3,022,400 | \$2,869,286 | \$153,114 |
| Special Revenue | 54,759 | 28,271 | 26,488 |
| Debt Service | 903,338 | 902,785 | 553 |
| Capital Projects | 3,430,000 | 868 | 3,429,132 |
| Total | \$7,410,497 | \$3,801,210 | \$3,609,287 |

| 2007 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|---------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$3,080,722 | \$3,004,520 | (\$76,202) |
| Special Revenue | 499,852 | 463,047 | (36,805) |
| Debt Service | 864,835 | 855,450 | (9,385) |
| Capital Projects | 3,230,300 | 269,547 | (2,960,753) |
| Permanent | 3,000 | 3,594 | 594 |
| Total | \$7,678,709 | \$4,596,158 | (\$3,082,551) |

| 2007 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$3,080,722 | \$3,042,965 | \$37,757 |
| Special Revenue | 37,800 | 14,158 | 23,642 |
| Debt Service | 896,395 | 894,987 | 1,408 |
| Capital Projects | 3,056,755 | 10,916 | 3,045,839 |
| Total | \$7,071,672 | \$3,963,026 | \$3,108,646 |

**MORLEY LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

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.

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Tangible property taxes are levied after October 1, on the value as of December 31. Collections are made in the subsequent year. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

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

5. Debt

Debt outstanding at December 31, 2008 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|--------------------------|--------------------|----------------------|
| General Obligation Bonds | \$8,575,000 | 1.35% to 5.25% |
| Total | <u>\$8,575,000</u> | |

In September 2002 the Library issued \$11,591,000 in general obligation bonds to finance the building of a new library. The bonds will be repaid in semi-annual varying principal and interest payments over 18 years. On November 6, 2001, the voters passed a tax levy ensuring the payment of the bonds.

**MORLEY LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

5. Debt (Continued)

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

| Year ending December 31: | General Obligation Bonds |
|--------------------------|--------------------------------|
| 2009 | 904,088 |
| 2010 | 907,837 |
| 2011 | 909,637 |
| 2012 | 910,197 |
| 2013 | 907,197 |
| 2014 - 2018 | 4,546,325 |
| 2019 - 2023 | 2,729,038 |
| Total | <u><u>\$11,814,319</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 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the Library contributed an amount equaling 14 and 13.85%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2008.

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 provides health, vision, and dental insurance to all full time employees. Employees scheduled a minimum of 32 hours per week (but less than full time) are eligible to participate in this insurance program by paying a pro-rate share of the premium reflecting their less-than-full time status. The Library also pays 90% of the cost to insure dependents of employees eligible for this healthcare plan. The Library's liability for health care is limited to the premiums paid.



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*

Morley Library
Lake County
184 Phelps Street
Painesville, Ohio 44077

To the Library Board of Trustees:

We have audited the financial statements of the Morley Library, Lake County, Ohio (the Library) as of and for the years ended December 31, 2008 and December 31, 2007, and have issued our report thereon dated December 2, 2009, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Library's management in a separate letter dated December 2, 2009.

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 the audit committee, management, and the Library Board of Trustees. 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

December 2, 2009



Mary Taylor, CPA
Auditor of State

MORLEY LIBRARY

LAKE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 24, 2009**