



**HENDERSON MEMORIAL PUBLIC LIBRARY ASSOCIATION
ASHTABULA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**HENDERSON MEMORIAL PUBLIC LIBRARY ASSOCIATION
ASHTABULA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Non Expendable Trust Funds – For the Year Ended December 31, 2001	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Non Expendable Trust Funds – For the Year Ended December 31, 2000	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West, Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Henderson Memorial Public Library Association
Ashtabula County
54 East Jefferson Street
Jefferson, Ohio 44047

To the Board of Trustees:

We have audited the accompanying financial statements of the Henderson Memorial Public Library Association (the Library), Ashtabula County, as of and for the years ended December 31, 2001 and December 31, 2000. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 the Library as of December 31, 2001 and December 31, 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of Management, Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 7, 2002

**HENDERSON MEMORIAL PUBLIC LIBRARY ASSOCIATION
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Capital Projects	
Cash Receipts:			
Government Grants-In-Aid	\$366,458		\$366,458
Patron Fines and Fees	17,824		17,824
Earnings on Investments	3,320		3,320
Contributions, Gifts and Donations	20,826		20,826
Miscellaneous Receipts	4,312		4,312
Total Cash Receipts	412,740		412,740
Cash Disbursements:			
Employee Salaries and Fringe Benefits	233,650		233,650
Supplies	11,095		11,095
Purchased and Contracted Services	69,130		69,130
Library Materials and Information	94,870		94,870
Other Objects	4,759		4,759
Capital Outlay	249	3,918	4,167
Total Cash Disbursements	413,753	3,918	417,671
Total Cash Receipts Over/(Under) Cash Disbursements	(1,013)	(3,918)	(4,931)
Other Financing Receipts/(Disbursements):			
Transfers-Out	(1,116)		(1,116)
Total Other Financing Receipts/(Disbursements)	(1,116)		(1,116)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,129)	(3,918)	(6,047)
Fund Cash Balances, January 1	40,048	42,022	82,070
Fund Cash Balances, December 31	\$37,919	\$38,104	\$76,023
Reserves for Encumbrances, December 31	\$2,083		\$2,083

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

HENDERSON MEMORIAL PUBLIC LIBRARY ASSOCIATION
ASHTABULA COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Total Operating Cash Receipts	<u> </u>
Operating Cash Disbursements:	
Library Materials and Information	806
Total Operating Cash Disbursements	<u>806</u>
Operating Income/(Loss)	<u>(806)</u>
Non-Operating Cash Disbursements:	
Transfers-In	<u>1,116</u>
Net Receipts Over/(Under) Disbursements	310
Fund Cash Balances, January 1	<u>23,027</u>
Fund Cash Balances, December 31	<u><u>\$23,337</u></u>

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

**HENDERSON MEMORIAL PUBLIC LIBRARY ASSOCIATION
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Capital Projects	
Cash Receipts:			
Government Grants-In-Aid	\$358,133		\$358,133
Patron Fines and Fees	19,369		19,369
Earnings on Investments	5,855		5,855
Contributions, Gifts and Donations	24,612		24,612
Miscellaneous Receipts	5,489		5,489
 Total Cash Receipts	 413,458		 413,458
Cash Disbursements:			
Employee Salaries and Fringe Benefits	224,981		224,981
Supplies	12,586		12,586
Purchased and Contracted Services	66,736	700	67,436
Library Materials and Information	93,212		93,212
Other Objects	6,725		6,725
Capital Outlay	18,294		18,294
 Total Cash Disbursements	 422,534	 700	 423,234
 Total Cash Receipts Over/(Under) Cash Disbursements	 (9,076)	 (700)	 (9,776)
Other Financing Receipts/(Disbursements):			
Transfers-Out	(1,120)		(1,120)
 Total Other Financing Receipts/(Disbursements)	 (1,120)		 (1,120)
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (10,196)	 (700)	 (10,896)
Fund Cash Balances, January 1	50,244	42,722	92,966
Fund Balance Adjustment			
Fund Cash Balances, December 31	\$40,048	\$42,022	\$82,070
 Reserves for Encumbrances, December 31	 \$6,710	 	 \$6,710

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

HENDERSON MEMORIAL PUBLIC LIBRARY ASSOCIATION
ASHTABULA COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Total Operating Cash Receipts	<u> </u>
Operating Cash Disbursements:	
Library Materials and Information	488
Total Operating Cash Disbursements	<u>488</u>
Operating Income/(Loss)	<u>(488)</u>
Non-Operating Cash Disbursements:	
Transfers-In	<u>1,120</u>
Net Receipts Over/(Under) Disbursements	632
Fund Cash Balances, January 1	<u>22,395</u>
Fund Cash Balances, December 31	<u><u>\$23,027</u></u>

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

**HENDERSON MEMORIAL PUBLIC LIBRARY ASSOCIATION
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Henderson Memorial Public Library Association, Ashtabula County, (the Library) is a nonprofit Ohio Corporation originally chartered by the Secretary of State of Ohio on July 6, 1883, as the Citizens's Library Association. According to the articles of incorporation, its goal is to 'place good literature within the reach of its members and such persons as shall confirm to the rules and regulations of said association..."

The Library's district coincides with the boundaries of Jefferson Township. The Library's service area, however, covers the mid-Ashtabula County region with free service offered to all county residents. There are seven other independent library districts in Ashtabula County, all of which issue their own financial statements.

The Henderson Memorial Public Library Association operates under the direction of a twelve member Board of Trustees. The Board of Trustees are members of the Library Association elected by direct ballot by the Library Association members to staggered four year terms. The Trustees function as an independent board subject to the Ohio Revised Code, although the Library does not have authority to levy taxes or issue bonds. This must be done through the taxing authority, the Jefferson Township Trustees.

The Library provides the community with various educational and literary resources.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Fund Accounting

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

**HENDERSON MEMORIAL PUBLIC LIBRARY ASSOCIATION
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital projects funds:

Special Capital Project Fund - this fund receipts are used for improvements to the Library.

3. Fiduciary Funds (Non-Expendable Trust Fund)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. Other trust funds are classified as expendable. Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had the following significant fiduciary funds:

The Nancy Irby and The Woodbury Trust Funds - These are non-expendable trust funds for which only the interest can be expended for the purpose of books and/or library materials.

E. Property, Plant and Equipment

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

F. Accumulated Leave

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

**HENDERSON MEMORIAL PUBLIC LIBRARY ASSOCIATION
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	\$99,360	\$97
Investments:		
Repurchase agreement	0	105,000
Total deposits and investments	\$99,360	\$105,097

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

Investments: The Library's agent holds securities collateralizing repurchase agreements. The securities are not in the Library's name.

3. 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 LLGSF is allocated 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 any additional revenues the Library receives.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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 personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**HENDERSON MEMORIAL PUBLIC LIBRARY ASSOCIATION
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. GRANTS-IN-AID AND TAX RECEIPTS (Continued)

As authorized in Section 3375.42, Revised Code, the electorate of Jefferson Township approved a renewal of a 0.5 mill levy for library purposes for five years beginning with tax year 1996. The Board of Trustees of Henderson Memorial Public Library Association entered into an agreement with the Jefferson Township Trustees to provide free library services to all the inhabitants of the Jefferson Area in return for the proceeds generated by the levy.

4. RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are prescribed by the Ohio Revised Code. The Library "Picks Ups" the employees 8.5% contribution of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Library has paid all contributions required through December 31, 2001.

5. RISK MANAGEMENT

The Henderson Memorial Public Library Association has obtained commercial insurance for the following risks:

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



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West, Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Henderson Memorial Public Library Association
Ashtabula County
54 East Jefferson Street
Jefferson, Ohio 44047

To the Board of Trustees:

We have audited the accompanying financial statements of the Henderson Memorial Public Library Association (the Library), Ashtabula County, as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated March 7, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain immaterial instances involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated March 7, 2002.

This report is intended solely for the information and use of the management and Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 7, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

HENDERSON MEMORIAL PUBLIC LIBRARY ASSOCIATION

ASHTABULA 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
MARCH 26, 2002**