



**HOLMES COUNTY DISTRICT PUBLIC LIBRARY
HOLMES COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

HOLMES COUNTY DISTRICT PUBLIC LIBRARY
HOLMES COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Holmes County District Public Library
Holmes County
3102 Glen Drive
Millersburg, Ohio 44654

To the Board of Trustees:

We have audited the accompanying financial statements of the Holmes County District Public Library, Holmes County, (the Library) as of and for the years ended December 31, 2001 and 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 audits.

We conducted our audits 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 audits 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 audits provide 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 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 February 12, 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 audits.

This report is intended solely for the information and use of management, the 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

February 12, 2002

**HOLMES COUNTY DISTRICT PUBLIC LIBRARY
HOLMES COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Fiduciary</u> <u>Fund Type</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Capital</u> <u>Projects</u>	<u>Expendable</u> <u>Trust</u>	
Cash Receipts:				
Government Grants-In-Aid	\$1,382,623			\$1,382,623
Patron Fines and Fees	16,011			16,011
Earnings on Investments	10,751	\$59,976	\$97	70,824
Contributions, Gifts and Donations		90,697	6,350	97,047
Miscellaneous	2,358	271		2,629
Total Cash Receipts	<u>1,411,743</u>	<u>150,944</u>	<u>6,447</u>	<u>1,569,134</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	719,638			719,638
Supplies	30,888			30,888
Purchased and Contracted Services	153,942	108,093	75	262,110
Library Materials and Information	202,669		2,543	205,212
Other Objects	11,685			11,685
Capital Outlay	15,348	243,279	85	258,712
Total Cash Disbursements	<u>1,134,170</u>	<u>351,372</u>	<u>2,703</u>	<u>1,488,245</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>277,573</u>	<u>(200,428)</u>	<u>3,744</u>	<u>80,889</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property	1,573			1,573
Transfers-In		200,000		200,000
Transfers-Out	(200,000)			(200,000)
Total Other Financing Receipts/(Disbursements)	<u>(198,427)</u>	<u>200,000</u>	<u>0</u>	<u>1,573</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	79,146	(428)	3,744	82,462
Fund Cash Balances, January 1	122,739	1,247,749	1,793	1,372,281
Fund Cash Balances, December 31	<u>\$201,885</u>	<u>\$1,247,321</u>	<u>\$5,537</u>	<u>\$1,454,743</u>
Reserves for Encumbrances, December 31	<u>\$16,332</u>	<u>\$2,625</u>	<u>\$0</u>	<u>\$18,957</u>

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

**HOLMES COUNTY DISTRICT PUBLIC LIBRARY
HOLMES COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Government Grants-In-Aid	\$1,339,271			\$1,339,271
Patron Fines and Fees	16,086			16,086
Earnings on Investments	11,513	\$43,342	\$9,319	64,174
Contributions, Gifts and Donations		16,500	1,570	18,070
Miscellaneous	1,062			1,062
	<u>1,367,932</u>	<u>59,842</u>	<u>10,889</u>	<u>1,438,663</u>
Total Cash Receipts				
	<u>1,367,932</u>	<u>59,842</u>	<u>10,889</u>	<u>1,438,663</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	622,104			622,104
Supplies	31,258		1,000	32,258
Purchased and Contracted Services	164,884	46,829	96	211,809
Library Materials and Information	186,298		1,799	188,097
Other Objects	16,339			16,339
Capital Outlay	38,558	101,280	1,250	141,088
	<u>1,059,441</u>	<u>148,109</u>	<u>4,145</u>	<u>1,211,695</u>
Total Cash Disbursements				
	<u>1,059,441</u>	<u>148,109</u>	<u>4,145</u>	<u>1,211,695</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>308,491</u>	<u>(88,267)</u>	<u>6,744</u>	<u>226,968</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		667,500		667,500
Transfers-Out	(275,000)		(392,500)	(667,500)
	<u>(275,000)</u>	<u>667,500</u>	<u>(392,500)</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(275,000)</u>	<u>667,500</u>	<u>(392,500)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>33,491</u>	<u>579,233</u>	<u>(385,756)</u>	<u>226,968</u>
Fund Cash Balances, January 1	<u>89,248</u>	<u>668,516</u>	<u>387,549</u>	<u>1,145,313</u>
Fund Cash Balances, December 31	<u>\$122,739</u>	<u>\$1,247,749</u>	<u>\$1,793</u>	<u>\$1,372,281</u>
Reserves for Encumbrances, December 31	<u>\$8,433</u>	<u>\$117,787</u>	<u>\$0</u>	<u>\$126,220</u>

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

**HOLMES COUNTY DISTRICT PUBLIC LIBRARY
HOLMES COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Holmes County District Public Library, Holmes County, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a seven-member Board of Trustees; four are appointed by the Holmes County Commissioners and three are appointed by the Holmes County Common Pleas Court Judge. 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.

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) 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 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 trust funds). The Library had the following significant Capital Projects Funds:

Capital Improvements Fund - Used to collect donations from the public and expended for construction of the new library building.

**HOLMES COUNTY DISTRICT PUBLIC LIBRARY
HOLMES COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Capital Projects Funds (Continued)

Automated Library Systems Fund - Receives transfers from the General Fund and was used mainly to upgrade the computer systems in the new library building.

3. Fiduciary Funds (Trust Funds)

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 nonexpendable trust fund. Other trust funds are classified as expendable. The Library had the following significant Fiduciary Fund:

Expendable Trust Fund - Used to collect donations from the public for the purpose of buying various educational and literary resources.

E. Budgetary Process

The Ohio Administrative Code requires budgeting for each fund annually.

1. Appropriations

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.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Library did not encumber all commitments required by Ohio law.

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are no longer required to estimate resources or encumber appropriations.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**HOLMES COUNTY DISTRICT PUBLIC LIBRARY
HOLMES COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

G. Unpaid Vacation and Sick Leave

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

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	\$405,301	\$441,318
Certificates of deposit	619,750	622,801
Total deposits	1,025,051	1,064,119
STAR Ohio	429,692	308,162
Total deposits and investments	\$1,454,743	\$1,372,281

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Library, or (3) collateralized by the financial institution's public entity deposit pool.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,414,148	\$1,413,316	(\$832)
Capital Projects	152,718	350,944	198,226
Fiduciary	7,500	6,447	(1,053)
Total	\$1,574,366	\$1,770,707	\$196,341

**HOLMES COUNTY DISTRICT PUBLIC LIBRARY
HOLMES COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,544,804	\$1,350,502	\$194,302
Capital Projects	1,377,217	353,997	1,023,220
Fiduciary	9,293	2,703	6,590
Total	\$2,931,314	\$1,707,202	\$1,224,112

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,379,971	\$1,367,932	(\$12,039)
Capital Projects	459,500	727,342	267,842
Fiduciary	20,000	10,889	(9,111)
Total	\$1,859,471	\$2,106,163	\$246,692

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,381,863	\$1,342,874	\$38,989
Capital Projects	334,500	265,896	68,604
Fiduciary	398,160	396,645	1,515
Total	\$2,114,523	\$2,005,415	\$109,108

4. GRANTS-IN-AID

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 of any additional revenues the Library receives.

**HOLMES COUNTY DISTRICT PUBLIC LIBRARY
HOLMES COUNTY**

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

5. 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's PERS members contributed 8.5% 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.

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.

The Library also provides health insurance coverage to full and part-time employees through a private carrier, and the Library provides health insurance reimbursements to full and part-time employees for medical costs not covered under the current group health plan (dental and eye care).

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

Holmes County District Public Library
Holmes County
3102 Glen Drive
Millersburg, Ohio 44654

To the Board of Trustees:

We have audited the accompanying financial statements of the Holmes County District Public Library, Holmes County, (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated February 12, 2002. We conducted our audits 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 audits 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 audits, 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated February 12, 2002.

This report is intended solely for the information and use of management and the 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

February 12, 2002



STATE OF OHIO
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HOLMES COUNTY DISTRICT PUBLIC LIBRARY

HOLMES 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 21, 2002**