



**Auditor of State
Betty Montgomery**

**PATRICK HENRY SCHOOL DISTRICT PUBLIC LIBRARY
HENRY COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Patrick Henry School District Public Library
Henry County
208 North East Avenue
Deshler, Ohio 43516-1280

To the Board of Trustees:

We have audited the accompanying financial statements of Patrick Henry School District Public Library, Henry County, Ohio (the Library) as of and for the years ended December 31, 2002 and 2001. 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 fund cash balances and reserves for encumbrances of the Library as of December 31, 2002 and 2001, and its 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 14, 2003 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 the 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.

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

Betty Montgomery
Auditor of State

February 14, 2003

**PATRICK HENRY SCHOOL DISTRICT PUBLIC LIBRARY
HENRY COUNTY**

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, 2002

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Expendable Trust</u>	
Cash Receipts:			
Property and Other Local Taxes	\$18,909		\$18,909
Other Government Grants-In-Aid	234,261		234,261
Patron Fines and Fees	3,584		3,584
Earnings on Investments	8,198		8,198
Contributions, Gifts and Donations	1,492		1,492
Miscellaneous Receipts	1,201		1,201
	<u>267,645</u>		<u>267,645</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	154,426		154,426
Purchased and Contracted Services	7,650		7,650
Other Objects	3,918		3,918
Supplies	11,773		11,773
Library Materials and Information	41,052		41,052
Capital Outlay	3,648		3,648
	<u>222,467</u>		<u>222,467</u>
Total Cash Receipts Over Cash Disbursements	<u>45,178</u>		<u>45,178</u>
Other Financing Receipts:			
Proceeds from Sales of Property	210		210
	<u>210</u>		<u>210</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	45,388		45,388
Fund Cash Balances, January 1	<u>298,587</u>	<u>\$19,795</u>	<u>318,382</u>
Fund Cash Balances, December 31	<u>\$343,975</u>	<u>\$19,795</u>	<u>\$363,770</u>
Reserves for Encumbrances, December 31	<u>\$240</u>		<u>\$240</u>

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

**PATRICK HENRY SCHOOL DISTRICT PUBLIC LIBRARY
HENRY COUNTY**

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 Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Expendable Trust</u>	
Cash Receipts:			
Property and Other Local Taxes	\$15,888		\$15,888
Other Government Grants-In-Aid	254,297		254,297
Patron Fines and Fees	3,888		3,888
Earnings on Investments	5,066		5,066
Contributions, Gifts and Donations	1,212	\$30,779	31,991
Miscellaneous Receipts	1,574		1,574
	<u>281,925</u>	<u>30,779</u>	<u>312,704</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	145,702		145,702
Purchased and Contracted Services	7,894		7,894
Other Objects	2,295		2,295
Supplies	12,683		12,683
Library Materials and Information	36,463		36,463
Capital Outlay	2,265	10,984	13,249
	<u>207,302</u>	<u>10,984</u>	<u>218,286</u>
Total Cash Receipts Over Cash Disbursements	<u>74,623</u>	<u>19,795</u>	<u>94,418</u>
Other Financing Receipts:			
Proceeds from Sales of Property	269		269
	<u>269</u>		<u>269</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	74,892	19,795	94,687
Fund Cash Balances, January 1	<u>223,695</u>		<u>223,695</u>
Fund Cash Balances, December 31	<u><u>\$298,587</u></u>	<u><u>\$19,795</u></u>	<u><u>\$318,382</u></u>
Reserves for Encumbrances, December 31			

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

**PATRICK HENRY SCHOOL DISTRICT PUBLIC LIBRARY
HENRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Patrick Henry School District Public Library, Henry 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 appointed by Patrick Henry School District Board of Education. 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 Deposits

Certificates of deposit are valued at cost.

D. Fund Accounting

The Library uses fund accounting to segregate cash that is 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. Fiduciary Funds (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 nonexpendable trust fund. Other trust funds are classified as expendable. The Library had the following significant fiduciary fund:

Expendable Trust Fund - received \$30,779 in bequests from the Wilson Charitable Trust and The Estate of Orpha G. Bennett. Trust funds are to be used only for the betterment of the Deshler, Ohio branch of the Library.

**PATRICK HENRY SCHOOL DISTRICT PUBLIC LIBRARY
HENRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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 2002 and 2001 budgetary activity appears in Note 3.

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. 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.

2. EQUITY IN POOLED CASH

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

	2002	2001
Demand deposits	\$163,770	\$318,382
Certificates of deposit	200,000	
Total deposits	\$363,770	\$318,382

Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Library,

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$282,850	\$222,707	\$60,143
Fiduciary	4,795		4,795
Total	\$287,645	\$222,707	\$64,938

**PATRICK HENRY SCHOOL DISTRICT PUBLIC LIBRARY
HENRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$280,000	\$207,302	\$72,698
Fiduciary	15,779	10,984	4,795
Total	\$295,779	\$218,286	\$77,493

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 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.

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.

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 2002 and 2001. The Library had a \$4,637 contribution still outstanding to PERS at December 31, 2002.

**PATRICK HENRY SCHOOL DISTRICT PUBLIC LIBRARY
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

The Patrick Henry School District Public Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Inland Marine

The Patrick Henry School District Public Library is uninsured for the following risk:

- Errors and omissions.



**Auditor of State
Betty Montgomery**

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

Patrick Henry School District Public Library
Henry County
208 North East Avenue
Deshler, Ohio 43516-1280

To the Board of Trustees:

We have audited the accompanying financial statements of Patrick Henry School District Public Library, Henry County, Ohio (the Library) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated February 14, 2003. 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*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated February 14, 2003.

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 a matter 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 February 14, 2003.

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.

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

Betty Montgomery
Auditor of State

February 14, 2003



**Auditor of State
Betty Montgomery**

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PATRICK HENRY SCHOOL DISTRICT PUBLIC LIBRARY

HENRY 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 20, 2003**