



**HOLMES COUNTY DISTRICT PUBLIC LIBRARY  
HOLMES COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Holmes County District Public Library  
Holmes County  
3102 Glenn 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, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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, 1999 and 1998, 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 January 27, 2000 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.

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

January 27, 2000

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**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, 1999**

	<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	\$1,240,306	\$0	\$0	\$1,240,306
Patron Fines and Fees	16,071	0	0	16,071
Earnings on Investments	18,825	14,768	17,437	51,030
Contributions, Gifts and Donations	0	0	69,982	69,982
Miscellaneous	3,210	0	0	3,210
<b>Total Cash Receipts</b>	<u>1,278,412</u>	<u>14,768</u>	<u>87,419</u>	<u>1,380,599</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	570,586	0	0	570,586
Supplies	30,575	0	0	30,575
Purchased and Contracted Services	139,736	15,723	0	155,459
Library Materials and Information	256,196	0	589	256,785
Other Objects	14,757	0	0	14,757
Capital Outlay	35,468	41,758	0	77,226
<b>Total Cash Disbursements</b>	<u>1,047,318</u>	<u>57,481</u>	<u>589</u>	<u>1,105,388</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>231,094</u>	<u>(42,713)</u>	<u>86,830</u>	<u>275,211</u>
Other Financing Receipts/(Disbursements):				
Refund of Prior Year Expenditure	97	0	0	97
Transfers-In	0	209,690	0	209,690
Transfers-Out	(209,690)	0	0	(209,690)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(209,593)</u>	<u>209,690</u>	<u>0</u>	<u>97</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements</b>	<u>21,501</u>	<u>166,977</u>	<u>86,830</u>	<u>275,308</u>
<b>Fund Cash Balances, January 1, 1999</b>	<u>67,747</u>	<u>501,539</u>	<u>300,719</u>	<u>870,005</u>
<b>Fund Cash Balances, December 31, 1999</b>	<u>\$89,248</u>	<u>\$668,516</u>	<u>\$387,549</u>	<u>\$1,145,313</u>
<b>Reserves for Encumbrances, December 31, 1999</b>	<u>\$4,357</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,357</u>

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

**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, 1998**

	<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	\$1,100,812	\$175,000	\$0	\$1,275,812
Patron Fines and Fees	12,534	0	0	12,534
Earnings on Investments	34,299	0	0	34,299
Contributions, Gifts and Donations	0	0	379,447	379,447
Miscellaneous	2,877	90	0	2,967
<b>Total Cash Receipts</b>	<u>1,150,522</u>	<u>175,090</u>	<u>379,447</u>	<u>1,705,059</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	496,747	0	0	496,747
Supplies	27,508	0	0	27,508
Purchased and Contracted Services	126,695	3,432	644	130,771
Library Materials and Information	198,856	0	4,258	203,114
Other Objects	10,824	0	0	10,824
Capital Outlay	38,143	87,743	882	126,768
<b>Total Cash Disbursements</b>	<u>898,773</u>	<u>91,175</u>	<u>5,784</u>	<u>995,732</u>
<b>Total Cash Receipts Over Cash Disbursements</b>	<u>251,749</u>	<u>83,915</u>	<u>373,663</u>	<u>709,327</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	428,830	11,972	440,802
Advances-In	150,000	0	0	150,000
Transfers-Out	(440,802)	0	0	(440,802)
Advances-Out	0	(50,000)	(100,000)	(150,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(290,802)</u>	<u>378,830</u>	<u>(88,028)</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(39,053)</u>	<u>462,745</u>	<u>285,635</u>	<u>709,327</u>
<b>Fund Cash Balances, January 1, 1998</b>	<u>106,800</u>	<u>38,794</u>	<u>15,084</u>	<u>160,678</u>
<b>Fund Cash Balances, December 31, 1998</b>	<u>\$67,747</u>	<u>\$501,539</u>	<u>\$300,719</u>	<u>\$870,005</u>
<b>Reserves for Encumbrances, December 31, 1998</b>	<u>\$5,631</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,631</u>

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



NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Holmes County 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 the State 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 educational, informational, cultural and social services to the community by maintaining an up-to-date inventory of print and non-print materials, current information services, and a facility conveniently located to meet the community's needs.

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).

**C. Cash**

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. 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 fund:

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

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998

**3. Fiduciary Funds (Trust and Agency 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 funds:

Expendable Trust Fund

This fund was used to collect donations from the public and expended for construction of the new library building.

**E. Budgetary Process**

The Ohio Administrative Code requires that each Library fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**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.

A summary of 1999 and 1998 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. Unpaid Vacation and Sick Leave**

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

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998

**2. EQUITY IN POOLED CASH**

The Library maintains a cash 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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$524,395	\$454,306
Certificates of deposit	620,918	415,699
Total deposits	<u>\$1,145,313</u>	<u>\$870,005</u>

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,271,281	\$1,278,509	\$7,228
Capital Projects	127,000	224,458	97,458
Fiduciary	97,500	87,419	(10,081)
Total	<u>\$1,495,781</u>	<u>\$1,590,386</u>	<u>\$94,605</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,339,028	\$1,261,365	\$77,663
Capital Projects	112,284	57,481	54,803
Fiduciary	13,150	589	12,561
Total	<u>\$1,464,462</u>	<u>\$1,319,435</u>	<u>\$145,027</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,148,187	\$1,150,522	\$2,335
Capital Projects	175,350	603,920	428,570
Fiduciary	427,500	391,419	(36,081)
Total	<u>\$1,751,037</u>	<u>\$2,145,861</u>	<u>\$394,824</u>

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,394,087	\$1,345,206	\$48,881
Capital Projects	204,273	91,175	113,098
Fiduciary	9,622	5,784	3,838
Total	\$1,607,982	\$1,442,165	\$165,817

**4. STATE INCOME TAX**

Effective January 1, 1986, the primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF) created by the State Legislature to replace the intangible tax. The distribution formula for the LLGSF consists of two parts: the guaranteed share and the share of the excess.

The County Budget Commission allocates these funds to each qualified public library board based on the needs of such library for the construction of new library buildings, improvements, maintenance or other expenses. The Budget Commission cannot reduce its allocation of these funds to any library because of any additional revenues the respective library received.

**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 also 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. The Library has paid all contributions required through December 31, 1999.

**6. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

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

The Library also provides health insurance coverage to full-time employees through a private carrier.

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998

**7. YEAR 2000 ISSUE**

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Library's operations.

The Library has completed an inventory of its computer system and other electronic equipment that are considered to be mission critical. The Library leases the Auditor of State's Uniform Accounting Network (UAN) system (Version 1.36) for its financial operations. The Auditor of State completed validation and remediation in 1999.

To the best of management's knowledge and belief, as of January 27, 2000, the Library experienced no significant interruption of mission-critical operations or services related to the Year 2000 issue. However, because of the unprecedented nature of the Year 2000 issue, matters may arise, and parties with whom the Library does business may also experience Year 2000 readiness issues that are as yet, unknown.

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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 Glenn 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, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated January 27, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 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 January 27, 2000.

Holmes County District Public Library  
Holmes County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended 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

January 27, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**HOLMES COUNTY DISTRICT 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 9, 2000**