



Mary Taylor, CPA
Auditor of State

HOLMES COUNTY DISTRICT PUBLIC LIBRARY
HOLMES COUNTY

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Mary Taylor, CPA
Auditor of State

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

To the 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.

Mary Taylor

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Auditor of State

March 18, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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, Ohio, (the Library) as of and for the years ended December 31, 2009 and 2008. 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. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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, 2009 and 2008 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, 2009 and 2008, 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 and reserves for encumbrances of the Holmes County District Public Library, Holmes County, Ohio as of December 31, 2009 and 2008, 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 March 18, 2010, 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.



Mary Taylor, CPA
Auditor of State

March 18, 2010

**HOLMES COUNTY DISTRICT PUBLIC LIBRARY
HOLMES COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	All Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Public Library Fund	\$1,033,231			\$1,033,231
Patron Fines and Fees	28,455			28,455
Contributions, Gifts and Donations	2,473	\$100,846	\$37,050	140,369
Earnings on Investments	504	248	10,786	11,538
Miscellaneous	4,546		21,023	25,569
Total Cash Receipts	1,069,209	101,094	68,859	1,239,162
Cash Disbursements:				
Current:				
Salaries	703,079			703,079
Employee Fringe Benefits	164,276			164,276
Purchased and Contractual Services	141,264	6,143	46,463	193,870
Library Materials and Information	75,984	22,030	11	98,025
Supplies	13,610	8,287		21,897
Other	3,454			3,454
Capital Outlay	862		191,153	192,015
Total Cash Disbursements	1,102,529	36,460	237,627	1,376,616
Total Cash Receipts Over/(Under) Cash Disbursements	(33,320)	64,634	(168,768)	(137,454)
Other Financing Receipts / (Disbursements):				
Sale of Fixed Assets	125			125
Transfers-In	170,000		60,000	230,000
Transfers-Out			(230,000)	(230,000)
Total Other Financing Receipts / (Disbursements)	170,125	0	(170,000)	125
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	136,805	64,634	(338,768)	(137,329)
Fund Cash Balances, January 1	101,241	57,125	645,964	804,330
Fund Cash Balances, December 31	\$238,046	\$121,759	\$307,196	\$667,001
Reserve for Encumbrances, December 31	\$33,039	\$2,898	\$4,214	\$40,151

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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	All Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Public Library Fund	\$1,257,000			\$1,257,000
Patron Fines and Fees	29,703			29,703
Contributions, Gifts and Donations	25,579	\$56,796		82,375
Earnings on Investments	3,167	182	\$26,865	30,214
Miscellaneous	919		16,018	16,937
	<u>1,316,368</u>	<u>56,978</u>	<u>42,883</u>	<u>1,416,229</u>
Total Cash Receipts				
	<u>1,316,368</u>	<u>56,978</u>	<u>42,883</u>	<u>1,416,229</u>
Cash Disbursements:				
Current:				
Salaries	746,843			746,843
Employee Fringe Benefits	199,252			199,252
Purchased and Contractual Services	195,729		54,437	250,166
Library Materials and Information	176,508	7,136	1,278	184,922
Supplies	42,821	2,652		45,473
Other	8,807	1		8,808
Capital Outlay	6,324	1,908	72,353	80,585
	<u>1,376,284</u>	<u>11,697</u>	<u>128,068</u>	<u>1,516,049</u>
Total Cash Disbursements				
	<u>1,376,284</u>	<u>11,697</u>	<u>128,068</u>	<u>1,516,049</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(59,916)</u>	<u>45,281</u>	<u>(85,185)</u>	<u>(99,820)</u>
Other Financing Receipts / (Disbursements):				
Sale of Fixed Assets	125			125
Transfers-In			25,000	25,000
Transfers-Out	(25,000)			(25,000)
	<u>(24,875)</u>	<u>0</u>	<u>25,000</u>	<u>125</u>
Total Other Financing Receipts / (Disbursements)				
	<u>(24,875)</u>	<u>0</u>	<u>25,000</u>	<u>125</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(84,791)</u>	<u>45,281</u>	<u>(60,185)</u>	<u>(99,695)</u>
Fund Cash Balances, January 1	<u>186,032</u>	<u>11,844</u>	<u>706,149</u>	<u>904,025</u>
Fund Cash Balances, December 31	<u><u>\$101,241</u></u>	<u><u>\$57,125</u></u>	<u><u>\$645,964</u></u>	<u><u>\$804,330</u></u>
Reserve for Encumbrances, December 31	<u><u>\$8,294</u></u>	<u><u>\$41</u></u>	<u><u>\$128,640</u></u>	<u><u>\$136,975</u></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, 2009 AND 2008**

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 Holmes County District Public Library, Holmes County, Ohio (the Library) as a body corporate and politic. 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. 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. Deposits 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 certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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.

**HOLMES COUNTY DISTRICT PUBLIC LIBRARY
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

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:

Special Revenue Funds – Used to collect donations from the public for the purpose of buying various educational and library resources

Bookmobile Support Fund – Used to collect donations from the public for the purpose of buying materials and fuel for the bookmobile as well as paying for bookmobile maintenance and repairs.

3. Capital Project Funds

These funds account 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 funds:

Capital Improvements Fund – Used to collect donations from the public and expended for library construction projects.

Automated Library Systems Fund – Receives transfers from the General Fund and used primarily to upgrade the library computer systems.

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 2009 and 2008 budgetary activity appears in Note 3.

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.

**HOLMES COUNTY DISTRICT PUBLIC LIBRARY
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. Equity in Pooled Deposits and Investments

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

	2009	2008
Demand deposits	\$432,952	\$244,238
Certificates of deposit	201,446	513,234
Cash on hand	272	272
Total deposits	634,670	757,744
STAR Ohio	32,331	46,586
Total deposits and investments	\$667,001	\$804,330

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

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

3. Budgetary Activity

Budgetary activity for the years ended December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,243,556	\$1,239,334	(\$4,222)
Special Revenue	239,347	101,094	(138,253)
Capital Projects	137,550	128,859	(8,691)
Total	\$1,620,453	\$1,469,287	(\$151,166)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Actual Expenditures	Variance
General	\$1,269,686	\$1,135,568	\$134,118
Special Revenue	101,149	39,358	61,791
Capital Projects	568,540	471,841	96,699
Total	\$1,939,375	\$1,646,767	\$292,608

**HOLMES COUNTY DISTRICT PUBLIC LIBRARY
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,322,120	\$1,316,493	(\$5,627)
Special Revenue	10,210	56,978	46,768
Capital Projects	78,800	67,883	(10,917)
Total	\$1,411,130	\$1,441,354	\$30,224

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,508,153	\$1,409,579	\$98,574
Special Revenue	21,860	11,739	10,121
Capital Projects	280,842	256,707	24,135
Total	\$1,810,855	\$1,678,025	\$132,830

4. Grants-in-Aid and Tax Receipts

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The PLF was enacted by the State of Ohio as the funding mechanism for Ohio Public Libraries in January 2008. The PLF is a set percentage of the total General Revenue Fund tax receipts and is distributed to each county monthly using an equalization formula. 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.

5. Retirement System

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 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2009.

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.



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*

Holmes County District Library Library
Holmes County
3012 Glen Drive
Millersburg Ohio 44654

To the Library Board of Trustees:

We have audited the financial statements of the Holmes County District Public Library, Holmes County, Ohio, (the Library) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated March 18, 2010, wherein we noted the Library followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements.

A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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 management, the Library Board of Trustees, and others within the Library. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

March 18, 2010



Mary Taylor, CPA
Auditor of State

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
MAY 6, 2010**