



**Auditor of State  
Betty Montgomery**



**GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY  
GUERNSEY COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Guernsey County District Public Library  
Guernsey County  
128 East 8<sup>th</sup> Street  
Cambridge, Ohio 43725

To the Board of Trustees:

We have audited the accompanying financial statements of the Guernsey County District Public Library, Guernsey County, Ohio (the Library), as of and for the years ended December 31, 2003 and 2002. 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 Guernsey County District Public Library, Guernsey County, as of December 31, 2003 and 2002, 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 September 13, 2004 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 audit committee, management, the Board of Trustees, and other officials authorized to receive this report under Section 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

September 13, 2004

**GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Library and Local Government Support	\$1,468,332	\$	\$1,468,332
Patron Fines and Fees	24,727		24,727
Earnings on Investments	108,635		108,635
Contributions, Gifts and Donations	1,163		1,163
Miscellaneous Receipts	18,609		18,609
	<u>1,621,466</u>	<u>0</u>	<u>1,621,466</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	817,799		817,799
Purchased and Contracted Services	137,784		137,784
Library Materials and Information	245,147		245,147
Other Objects	42,101		42,101
Capital Outlay	16,038	109,275	125,313
	<u>1,258,869</u>	<u>109,275</u>	<u>1,368,144</u>
Total Cash Disbursements	<u>1,258,869</u>	<u>109,275</u>	<u>1,368,144</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>362,597</u>	<u>(109,275)</u>	<u>253,322</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		400,000	400,000
Transfers-Out	(400,000)		(400,000)
	<u>(400,000)</u>	<u>400,000</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)	<u>(400,000)</u>	<u>400,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(37,403)	290,725	253,322
Fund Cash Balances, January 1	<u>441,564</u>	<u>4,950,435</u>	<u>5,391,999</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$404,161</b></u>	<u><b>\$5,241,160</b></u>	<u><b>\$5,645,321</b></u>
Reserves for Encumbrances, December 31	<u>\$21,060</u>	<u>\$4,740</u>	<u>\$25,800</u>

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

**GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Library and Local Government Support	\$1,483,680	\$	\$1,483,680
Patron Fines and Fees	27,300		27,300
Earnings on Investments	214,994		214,994
Contributions, Gifts and Donations	408		408
Miscellaneous Receipts	21,760		21,760
	<u>1,748,142</u>		<u>1,748,142</u>
<b>Total Cash Receipts</b>	<u>1,748,142</u>	<u>0</u>	<u>1,748,142</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	759,019		759,019
Purchased and Contracted Services	142,157		142,157
Library Materials and Information	238,149		238,149
Other Objects	39,496		39,496
Capital Outlay	14,206	30,247	44,453
	<u>1,193,027</u>	<u>30,247</u>	<u>1,223,274</u>
<b>Total Cash Disbursements</b>	<u>1,193,027</u>	<u>30,247</u>	<u>1,223,274</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>555,115</u>	<u>(30,247)</u>	<u>524,868</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		500,000	500,000
Transfers-Out	(500,000)		(500,000)
	<u>(500,000)</u>	<u>500,000</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(500,000)</u>	<u>500,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	55,115	469,753	524,868
Fund Cash Balances, January 1	<u>386,449</u>	<u>4,480,682</u>	<u>4,867,131</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$441,564</u></u>	<u><u>\$4,950,435</u></u>	<u><u>\$5,391,999</u></u>
Reserves for Encumbrances, December 31	<u>\$42,303</u>	<u>\$3,550</u>	<u>\$45,853</u>

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



**GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Guernsey County District Public Library, Guernsey 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 Guernsey County Common Pleas Judge and Guernsey County Commissioners. The Library provides the community with various educational and literary resources. The Library is involved with the SOLO Regional Library which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 6.

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**

Certificates of deposit are valued at cost. Investments in STAROhio are recorded at share values reported by the Treasurer of State.

**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 Project 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 Project Fund:

Building and Repair Fund – This fund receives transfers from the General Fund to be used for building projects, repairs and maintenance.

**GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

The Board annually approves appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures should not exceed appropriations at the object level of control.

A summary of 2003 and 2002 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 AND INVESTMENTS**

The Library maintains a cash and investments 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:

	2003	2002
Demand deposits	\$110,688	\$162,731
Certificates of deposit	5,382,446	5,004,968
Total deposits	5,493,134	5,167,699
STAROhio	152,187	224,300
Total investments	152,187	224,300
Total deposits and investments	\$5,645,321	\$5,391,999

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation and collateralized by securities specifically pledged by the financial institution to the Library.

**Investments:** Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

**GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,042,303	\$1,679,929	\$362,374
Capital Projects	4,949,650	114,015	4,835,635
Total	\$6,991,953	\$1,793,944	\$5,198,009

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,221,273	\$1,735,330	\$485,943
Capital Projects	4,480,557	33,797	4,446,760
Total	\$6,701,830	\$1,769,127	\$4,932,703

**4. 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.

**5. RETIREMENT SYSTEM**

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

Contribution rates are prescribed by the Ohio Revised Code. The Library's OPERS 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, 2003.

**GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**6. JOINTLY GOVERNED ORGANIZATION**

The Southeastern Ohio Library Organization (SOLO), is a regional library system created and jointly governed according to provisions of Ohio Rev. Code Sections 3375.90 through 3375.93. The Regional Library System is composed of fourteen legally-separate libraries within Southeast Ohio: Barnesville Hutton Memorial Library, Bellaire Public Library, Caldwell Public Library, Guernsey County District Public Library, Kate Love Simpson Library, Martins Ferry Public Library, Monroe County District Library, Muskingum County Public Library System, Newark Public Library, Perry County District Library, Public Library of Steubenville and Jefferson County, Puskarich Public Library, St. Clairsville Public Library, and Washington County Public Library. The Regional Library System is governed by a fourteen member of Board of Trustees selected by the Librarians Council which consists of the library administrators or a representative from each member library. The Regional Library System provides annual training workshops for member library employees, technical training and assistance, and a central graphics center, and coordinates the delivery of intra-library book loans. The Guernsey County District Public Library's control over budgeting and financing of SOLO is limited to its voting authority and its representation on SOLO's Board of Trustees.

**7. 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 to full-time employees through a private carrier.

**8. RELATED PARTY TRANSACTIONS**

The Library pays an annual fee to SOLO Regional Library, a jointly governed organization, of which the Library is a member. The Library paid \$11,437 to the SOLO Regional Library during the period January 1, 2002 through December 31, 2003.



## **Auditor of State Betty Montgomery**

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

Guernsey County District Public Library  
Guernsey County  
128 East 8<sup>th</sup> Street  
Cambridge, Ohio 43725

To the Board of Trustees:

We have audited the accompanying financial statements of the Guernsey County District Public Library, Guernsey County, Ohio (the Library), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 13, 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 tested its compliance with certain provisions of laws, regulations, contracts and grants, 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 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 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 September 13, 2004.

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

September 13, 2004



**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140

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**GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY**

**GUERNSEY 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  
NOVEMBER 16, 2004**