



**Auditor of State  
Betty Montgomery**



**PERRY COUNTY DISTRICT LIBRARY  
PERRY COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Perry County District Library  
Perry County  
117 South Jackson Street  
New Lexington, Ohio 43764

To the Board of Trustees:

We have audited the accompanying financial statements of Perry County District Library, Perry 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.

The Library's financial transactions were processed using 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 that our audit provides a reasonable basis for our opinion.

As described 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 Perry County District Library, Perry 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 August 23, 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.

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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 § 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

August 23, 2004

**PERRY COUNTY DISTRICT LIBRARY  
PERRY 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$99,723	\$	\$99,723
Other Government Grants-In-Aid	1,091,105		1,091,105
Patron Fines and Fees	28,303		28,303
Earnings on Investments	2,991		2,991
Contributions, Gifts and Donations	4,316		4,316
Miscellaneous Receipts	28,799		28,799
	<u>1,255,237</u>	<u>0</u>	<u>1,255,237</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	680,713		680,713
Purchased and Contracted Services	266,897		266,897
Other Objects	237,562		237,562
Capital Outlay	77,493		77,493
	<u>1,262,665</u>	<u>0</u>	<u>1,262,665</u>
<b>Total Cash Disbursements</b>			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(7,428)</u>	<u>0</u>	<u>(7,428)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Proceeds from Sales of Property	115		115
	<u>115</u>	<u>0</u>	<u>115</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(7,313)	0	(7,313)
Fund Cash Balances, January 1	172,220	82,380	254,600
	<u>172,220</u>	<u>82,380</u>	<u>254,600</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$164,907</u></b>	<b><u>\$82,380</u></b>	<b><u>\$247,287</u></b>
Reserves for Encumbrances, December 31	<u>\$20,080</u>	<u>\$0</u>	<u>\$20,080</u>

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

**PERRY COUNTY DISTRICT LIBRARY  
PERRY 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>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$88,177	\$	\$	\$88,177
Other Government Grants-In-Aid	1,101,269	\$8,411		1,109,680
Patron Fines and Fees	29,967			29,967
Earnings on Investments	4,890			4,890
Contributions, Gifts and Donations	2,601			2,601
Miscellaneous Receipts	35,284			35,284
<b>Total Cash Receipts</b>	<u>1,262,188</u>	<u>8,411</u>	<u>0</u>	<u>1,270,599</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	637,263			637,263
Purchased and Contracted Services	262,652	4,314		266,966
Other Objects	258,020			258,020
Capital Outlay	139,418	4,097		143,515
<b>Total Cash Disbursements</b>	<u>1,297,353</u>	<u>8,411</u>	<u>0</u>	<u>1,305,764</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>(35,165)</u>	<u>0</u>	<u>0</u>	<u>(35,165)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Proceeds from Sales of Property	961			961
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>961</u>	<u>0</u>	<u>0</u>	<u>961</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(34,204)</u>	<u>0</u>	<u>0</u>	<u>(34,204)</u>
Fund Cash Balances, January 1	206,424		82,380	288,804
<b>Fund Cash Balances, December 31</b>	<u><b>\$172,220</b></u>	<u><b>\$0</b></u>	<u><b>\$82,380</b></u>	<u><b>\$254,600</b></u>
Reserves for Encumbrances, December 31	<u>\$69,717</u>	<u>\$0</u>	<u>\$0</u>	<u>\$69,717</u>

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



**PERRY COUNTY DISTRICT LIBRARY  
PERRY COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Perry County District Library, Perry 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 of which three are appointed by the Perry County Court of Common Pleas, and four are appointed by the Perry County Commissioners. 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 reported as assets. 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.

The investment in STAROhio (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. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Funds:

*LSTA Grant Fund* – This fund is used to account for monies received from the State Library of Ohio in order to finance the installation of video conferencing equipment.

**PERRY COUNTY DISTRICT LIBRARY  
PERRY COUNTY**

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

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Healthy Start Healthy Families Fund* – This fund is used to account for monies received from the Perry County Job and Family Services Department in order to support the Summer Reading Programs.

**3. 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 Improvement Fund* – This fund receives restricted contributions, gifts, and donations to maintain, construct, repair, furnish, and equip the Library's buildings.

**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 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:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$33,659	\$108,209
STAROhio	213,628	146,391
Total deposits and investments	<u>\$247,287</u>	<u>\$254,600</u>

**PERRY COUNTY DISTRICT LIBRARY  
PERRY COUNTY**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

**Deposits:** Deposits are either insured by the Federal Deposit 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 STAROhio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**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	\$1,404,168	\$1,282,745	\$121,423
Capital Projects	82,380	0	82,380
Total	\$1,486,548	\$1,282,745	\$203,803

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,442,986	\$1,367,070	\$75,916
Special Revenue	8,411	8,411	0
Capital Projects	82,380	0	82,380
Total	\$1,533,777	\$1,375,481	\$158,296

**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.

**PERRY COUNTY DISTRICT LIBRARY  
PERRY COUNTY**

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

**4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)**

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. The Library has paid all contributions required through December 31, 2003.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Perry County District 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 and vision coverage to full-time employees through a private carrier.



## Auditor of State Betty Montgomery

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

Perry County District Library  
Perry County  
117 South Jackson Street  
New Lexington, Ohio 43764

To the Board of Trustees:

We have audited the financial statements of Perry County District Library, Perry County, Ohio (the Library), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 23, 2004, wherein we noted that the Library's financial transactions were processed using 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 conduct the audit of the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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*.

#### 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.

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

August 23, 2004



**Auditor of State  
Betty Montgomery**

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**PERRY COUNTY DISTRICT LIBRARY**

**PERRY 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  
SEPTEMBER 30, 2004**