

***PERRY COUNTY DISTRICT LIBRARY
PERRY COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2013 & 2012





Dave Yost • Auditor of State

Board of Trustees
Perry County District Library
117 S. Jackson Street
New Lexington, Ohio 43764

We have reviewed the *Independent Auditor's Report* of the Perry County District Library, Perry County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Perry County District Library is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

July 22, 2014

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PERRY COUNTY DISTRICT LIBRARY
PERRY COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2013 and 2012

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Perry County District Library
Perry County
117 S. Jackson St.
New Lexington, Ohio 43764

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Perry County District Library, Perry County, (the Library) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2013 and 2012, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Perry County District Library, Perry County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.

June 21, 2014

**PERRY COUNTY DISTRICT LIBRARY
PERRY COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2013**

	<u>Governmental Fund Types</u>		Totals- (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Receipts:			
Property and Other Local Taxes	\$ 636,663	\$ -	\$ 636,663
Library and Local Government Support	850,803	-	850,803
Intergovernmental	81,443	-	81,443
Patron Fines and Fees	28,167	-	28,167
Contributions, Gifts and Donations	2,803	-	2,803
Earnings on Investments	1,986	-	1,986
Miscellaneous	58,587	-	58,587
Total Receipts	1,660,452		1,660,452
Disbursements:			
Library Services	1,303,208	-	1,303,208
Capital Outlay	160,807	-	160,807
Total Disbursements	1,464,015	-	1,464,015
Total Receipts Over/(Under) Disbursements	196,437	-	196,437
Other Financing Sources/(Uses):			
Sale of Capital Assets	928	-	928
Transfer-In	-	200,000	200,000
Transfer-Out	(200,000)	-	(200,000)
Total Other Financing Sources/(Uses)	(199,072)	200,000	928
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	(2,635)	200,000	197,365
Fund Cash Balance, January 1, 2013	476,300	706,655	1,182,955
Fund Balance:			
Assigned	76,778	906,655	983,433
Unassigned	396,887	-	396,887
Fund Cash Balance, December 31, 2013	<u>\$ 473,665</u>	<u>\$ 906,655</u>	<u>\$ 1,380,320</u>

See Accompanying Notes to the Financial Statements.

**PERRY COUNTY DISTRICT LIBRARY
PERRY COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2012**

	<u>Governmental Fund Types</u>		<u>Totals- (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Receipts:			
Property and Other Local Taxes	\$ 623,656	\$ -	\$ 623,656
Library and Local Government Support	831,660	-	831,660
Intergovernmental	77,742	-	77,742
Patron Fines and Fees	29,664	-	29,664
Contributions, Gifts and Donations	2,471	-	2,471
Earnings on Investments	1,624	-	1,624
Miscellaneous	37,180	-	37,180
Total Receipts	1,603,997		1,603,997
Disbursements:			
Library Services	1,240,695	-	1,240,695
Capital Outlay	103,664	-	103,664
Total Disbursements	1,344,359	-	1,344,359
Total Receipts Over/(Under) Disbursements	259,638	-	259,638
Other Financing Sources/(Uses):			
Sale of Capital Assets	613	-	613
Transfer-In	-	300,000	300,000
Transfer-Out	(300,000)	-	(300,000)
Total Other Financing Sources/(Uses)	(299,387)	300,000	613
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	(39,749)	300,000	260,251
Fund Cash Balance, January 1, 2012	516,049	406,655	922,704
Fund Balance:			
Assigned	105,810	706,655	812,465
Unassigned	370,490	-	370,490
Fund Cash Balance, December 31, 2012	<u>\$ 476,300</u>	<u>\$ 706,655</u>	<u>\$ 1,182,955</u>

See Accompanying Notes to the Financial Statements.

PERRY COUNTY DISTRICT LIBRARY
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF ENTITY

The Perry County District Library was organized as a county district public library in 1936 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members. Four members are appointed by the County Commissioners and three members are appointed by the Common Pleas Judge. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Clerk-Treasurer.

The Library is fiscally independent of the Perry County Commissioners, although the County Commissioners serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the County Commissioners must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Perry County Commissioners.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," the Library is considered to be a related organization of the Perry County Commissioners.

Component units are legally separate organizations for which the Library is financially accountable. The Library has no component units.

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 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.

PERRY COUNTY DISTRICT LIBRARY
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

During 2012 and 2013, investments were limited to STAR Ohio and certificates of deposits. STAR Ohio investments are recorded at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2012 and 2013.

Investment procedures are restricted by the provisions of the Ohio Revised Code.

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.

General Fund: The general fund reports all financial resources except those required to be accounted for in another fund.

Capital Projects Funds: These funds account for receipts that are restricted for the acquisition of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant Capital Projects Fund:

- Building and Repair Fund – The building and repair fund accounts for monies set aside by the Board of Library Trustees specifically for major capital and technology improvements.

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund be budgeted annually. 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 object level of control.

A summary of 2013 and 2012 budgetary activity appears in Note 4.

PERRY COUNTY DISTRICT LIBRARY
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. FUND BALANCES

Fund balance is divided into five classifications based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable -The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board, which includes giving the Fiscal Officer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

PERRY COUNTY DISTRICT LIBRARY
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. FUND BALANCES – (Continued)

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. INVENTORY AND PREPAID ITEMS

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's cash basis of accounting.

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2013	2012
Deposits:		
Demand Deposits	\$ 104,343	\$ 132,988
Certificates of Deposits	575,279	345,585
Total Deposits	679,622	478,573
Investments:		
STAR Ohio	700,698	704,382
Total Deposits and Investments	\$1,380,320	\$1,182,955

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Library, or (3) collateralized by the financial institution's public entity deposit pool.

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

PERRY COUNTY DISTRICT LIBRARY
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

3. PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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 Library. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

	<u>2013 Budgeted vs Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 1,562,377	\$ 1,661,380	\$ 99,003
Capital Projects	-	200,000	200,000

	<u>2013 Budgeted vs Actual Budgetary Basis Disbursements</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General Fund	\$ 1,887,320	\$ 1,740,793	\$ 146,527
Capital Projects	6,654	-	6,654

	<u>2012 Budgeted vs Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 1,680,800	\$ 1,604,610	\$ (76,190)
Capital Projects	-	300,000	300,000

	<u>2012 Budgeted vs Actual Budgetary Basis Disbursements</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General Fund	\$ 2,128,348	\$ 1,750,169	\$ 378,179
Capital Projects	406,655	-	406,655

PERRY COUNTY DISTRICT LIBRARY
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

5. PUBLIC SUPPORT

The primary source of revenue for the Library is provided by the State of Ohio through the Public Library Fund (PLF) and by property taxes collected through the Perry County Auditor.

6. RETIREMENT SYSTEM

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a state operated, cost sharing, multiple employer plan. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. For 2013 and 2012, OPERS members contributed 10.00% of their gross pay while the Library contributed an amount equal to 14.00% of covered payroll. The Library has paid all required contributions through 2013.

7. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

There have been no significant reductions in insurance coverage from the prior fiscal year and settled claims have not exceeded this commercial coverage in any of the last three years.

The Library pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

8. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

Perry County District Library
Perry County
117 S. Jackson St.
New Lexington, Ohio 43764

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Perry County District Library, Perry County, (the Library) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated June 21, 2014, wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

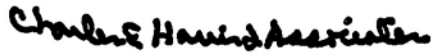
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

June 21, 2014



Dave Yost • Auditor of State

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
AUGUST 5, 2014**