



**BROWN COUNTY PUBLIC LIBRARY DISTRICT
BROWN COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BROWN COUNTY PUBLIC LIBRARY DISTRICT
BROWN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2000	3
Combined State of Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 1999	4
Notes to the Financial Statements	5
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

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INDEPENDENT ACCOUNTANTS' REPORT

Brown County Public Library District
Brown County
P.O. Box 527
Mt. Orab, Ohio 45154

To the Board of Trustees:

We have audited the accompanying financial statements of the Brown County Public Library District, Brown County, Ohio (the District), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 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 District 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 balance and reserve for encumbrances of the District as of December 31, 2000 and 1999, and its combined fund 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 June 8, 2001, on our consideration of the District'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 management, 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

June 8, 2001

**BROWN COUNTY PUBLIC LIBRARY DISTRICT
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts:			
Grants-in-Aid	\$820,755		\$820,755
Patron Fines and Fees	14,929		14,929
Earnings on Investments	61,185		61,185
Contributions, Gifts and Donations	1,650		1,650
Miscellaneous Receipts	9,800	3,174	12,974
 Total Cash Receipts	 908,319	 3,174	 911,493
Cash Disbursements:			
Current:			
Salaries and Benefits	478,298		478,298
Supplies	42,261		42,261
Purchased and Contracted Services	216,792		216,792
Library Materials and Information	284,299	84,637	368,936
Other Objects	2,071		2,071
Capital Outlay	70,686	96,444	167,130
 Total Cash Disbursements	 1,094,407	 181,081	 1,275,488
 Total Cash Receipts Over/(Under) Cash Disbursements	 (186,088)	 (177,907)	 (363,995)
 Fund Cash Balances, January 1	 1,002,417	 196,204	 1,198,621
 Fund Cash Balances, December 31	 \$816,329	 \$18,297	 \$834,626
 Reserves for Encumbrances, December 31	 \$92,609	 \$17,920	 \$110,529

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

**BROWN COUNTY PUBLIC LIBRARY DISTRICT
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts:			
Grants-in-Aid	\$767,858		\$767,858
Patron Fines and Fees	10,352		10,352
Earnings on Investments	95,185		95,185
Contributions, Gifts and Donations	1,967		1,967
Miscellaneous Receipts	1,190		1,190
 Total Cash Receipts	 876,552		 876,552
Cash Disbursements:			
Current:			
Salaries and Benefits	334,729		334,729
Supplies	24,161		24,161
Purchased and Contracted Services	140,186	65,140	205,326
Library Materials and Information	111,950	125,183	237,133
Other Objects	1,702		1,702
Capital Outlay	39,164	1,155,508	1,194,672
 Total Cash Disbursements	 651,892	 1,345,831	 1,997,723
 Total Cash Receipts Over/(Under) Cash Disbursements	 224,660	 (1,345,831)	 (1,121,171)
Other Financing Receipts/(Disbursements):			
Transfers-In		159,814	159,814
Transfers-Out		(159,814)	(159,814)
 Total Other Financing Receipts/(Disbursements)	 0	 0	 0
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 224,660	 (1,345,831)	 (1,121,171)
 Fund Cash Balances, January 1	 777,757	 1,542,035	 2,319,792
 Fund Cash Balances, December 31	 \$1,002,417	 \$196,204	 \$1,198,621
 Reserves for Encumbrances, December 31	 \$54,238	 \$188,306	 \$242,544

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

**BROWN COUNTY PUBLIC LIBRARY DISTRICT
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Brown County Public Library District, Brown County, Ohio (the District), 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 District is directed by a seven-member Board of Trustees. Four members are appointed by the Brown County Commissioners and three members are appointed by the Common Pleas Judge. The District provides the community with various educational and literary resources.

The District's management believes these financial statements present all activities for which the District 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 STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

The District uses fund accounting to segregate cash or investments that are restricted as to use. The District 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 and construction of major capital projects. The District had four capital projects funds during the audit period to account for four major projects. These include a renovation project at Mary P. Shelton Library in Georgetown and construction of new libraries in Mt. Orab, Sardinia, and Fayetteville.

**BROWN COUNTY PUBLIC LIBRARY DISTRICT
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. 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 District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

2. CASH AND INVESTMENTS

The District 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 was as follows:

**BROWN COUNTY PUBLIC LIBRARY DISTRICT
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. CASH AND INVESTMENTS (Continued)

	<u>2000</u>	<u>1999</u>
Demand deposit (includes change fund)	<u>(\$27,621)</u>	<u>(\$89,536)</u>
Total deposits	<u>(27,621)</u>	<u>(89,536)</u>
Repurchase Agreement	64,645	208,135
STAR Ohio	<u>797,602</u>	<u>1,080,022</u>
Total investments	<u>862,247</u>	<u>1,288,157</u>
Total deposits and investments	<u><u>\$834,626</u></u>	<u><u>\$1,198,621</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. The repurchase agreement sweeps monies overnight into a federally backed security by the financial institution.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

<u>2000 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$851,248	\$908,319	\$57,071
Capital Projects		3,174	3,174
Total	<u><u>\$851,248</u></u>	<u><u>\$911,493</u></u>	<u><u>\$60,245</u></u>

<u>2000 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$2,747,605	\$1,187,016	\$1,560,589
Capital Projects	196,204	199,001	(2,797)
Total	<u><u>\$2,943,809</u></u>	<u><u>\$1,386,017</u></u>	<u><u>\$1,557,792</u></u>

**BROWN COUNTY PUBLIC LIBRARY DISTRICT
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$778,243	\$876,552	\$98,309
Capital Projects		159,814	159,814
Total	<u>\$778,243</u>	<u>\$1,036,366</u>	<u>\$258,123</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,256,219	\$706,130	\$550,089
Capital Projects	1,701,847	1,693,951	7,896
Total	<u>\$2,958,066</u>	<u>\$2,400,081</u>	<u>\$557,985</u>

4. GRANTS IN AID

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 District based on its needs such as for the construction of new buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the District on account of any additional revenues realized by the District.

5. DEBT

In 1996, the District received \$2,910,000 in proceeds of general obligation bonds issued by Brown County for the purpose of: obtaining and improving sites, constructing, renovating, and adding to its buildings; acquiring furnishings, technology, and opening collections for a public library in each school district within the public library district. These bonds are a general obligation of Brown County and will be retired through the year 2016 from the proceeds of a voted property tax levy. All related tax proceeds and debt payment activity are recorded on the Brown County's financial statement.

**BROWN COUNTY PUBLIC LIBRARY DISTRICT
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RETIREMENT SYSTEMS

The Public Employees Retirement System (PERS) of Ohio 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. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries in 1999 and an amount equal to 10.84% in 2000.

7. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Brown County Public Library District
Brown County
P.O. Box 527
Mt. Orab, Ohio 45154

To the Board of Trustees:

We have audited the accompanying financial statements of the Brown County Public Library District, Brown County, Ohio (the District), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 8, 2001. We conducted our audit 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 District'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 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 instance of noncompliance that is required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated June 8, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District'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 District in a separate letter dated June 8, 2001.

Brown County Public Library District
Brown County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

This report is intended for the information and use of management and the 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

June 8, 2001



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BROWN COUNTY PUBLIC LIBRARY DISTRICT

BROWN 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
JULY 12, 2001**