



**NOLA REGIONAL LIBRARY SYSTEM  
TRUMBULL COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



NOLA REGIONAL LIBRARY SYSTEM  
TRUMBULL COUNTY

TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Similar Fiduciary Fund Types - For the Year Ended June 30, 2000 .....	3
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Nola Regional Library System  
Trumbull County  
4445 Mahoning Avenue, NW  
Warren, Ohio 44483

To the Board of Trustees:

We have audited the accompanying financial statements of the Nola Regional Library System , Trumbull County, Ohio, (the Library System) as of and for the year ended June 30, 2000. These financial statements are the responsibility of the Library System'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 Library System 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 of the Library System as of June 30, 2000, 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 February 5, 2001 on our consideration of the Library System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

February 5, 2001

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**NOLA REGIONAL LIBRARY SYSTEM  
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
State Government Grants-in-Aid		\$340,856		\$340,856
Local Government Grants-in-Aid	\$239,185			239,185
Patron Fines and Fees	130,511			130,511
Earnings on Investments	19,952		\$350	20,302
Sale of Supplies	123			123
Refunds and Reimbursements	17,500			17,500
Miscellaneous Receipts	7,148	744		7,892
<b>Total Cash Receipts</b>	<u>414,419</u>	<u>341,600</u>	<u>350</u>	<u>756,369</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	57,984	189,565		247,549
Purchased and Contracted Services	135,337	111,974		247,311
Supplies	3,339			3,339
Library Material & Information	46,010	5,000		51,010
Miscellaneous	11,474			11,474
Capital Outlay	10,439	27,622		38,061
<b>Total Cash Disbursements</b>	<u>264,583</u>	<u>334,161</u>		<u>598,744</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>149,836</u>	<u>7,439</u>	<u>350</u>	<u>157,625</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Residual Equity Transfer-In	5,393			5,393
Residual Equity Transfer-Out			(5,393)	(5,393)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>5,393</u>		<u>(5,393)</u>	
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>155,229</u>	<u>7,439</u>	<u>(5,043)</u>	<u>157,625</u>
<b>Fund Cash Balances, July 1</b>	<u>129,474</u>	<u>13,719</u>	<u>5,043</u>	<u>148,236</u>
<b>Fund Cash Balances, June 30</b>	<u><b>\$284,703</b></u>	<u><b>\$21,158</b></u>		<u><b>\$305,861</b></u>

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

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**NOLA REGIONAL LIBRARY SYSTEM  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Nola Regional Library System, Trumbull County, (the Library System) is comprised of public, academic, special, school, institutional, and other libraries and information services established to provide cooperative information services and programs within the geographical area of Ashtabula, Columbiana, Geauga, Lake, Mahoning, Portage, and Trumbull Counties. The Library System is chartered as a metropolitan library system, created and governed according to the provisions of Sections 3375.90 and 3375.93, Revised Code, and does not overlap with any other legally state chartered system.

The Nola Regional Library System is governed by a board of trustees comprised of thirteen members which have the right to exercise all powers pursuant to Revised Code Section 3375.91. The Board composition includes eleven members representing public libraries and two members representing non-public libraries. Board members are elected by, from and among the Membership Council, to a term of three years and cannot serve longer than two consecutive terms.

The Library System's management believes these financial statements present all activities for which the Library System 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.

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. Except gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**D. Fund Accounting**

The Library System uses fund accounting to segregate cash and investments that are restricted as to use. The Library System 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.

**NOLA REGIONAL LIBRARY SYSTEM  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

**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 System had the following significant Special Revenue Fund: a State fund that accounts for all restricted state monies.

**3. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library System to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Library System is acting in an agency capacity are classified as agency funds. The Library System had the following significant fiduciary fund: an expendable trust fund that accounted for monies provided by various organizations to expand local library data bases. This fund ceased activity June 30, 2000, and the remaining fund balance was transferred to the General fund as a residual equity transfer.

**E. Budgetary Process**

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

**2. Budget**

On or before the first day of March preceding each fiscal year, the Library System submits an annual plan of service for federal and local funds to the State Library Board. The State Library Board takes action on this plan on or before March 31 and the Library System signs all the necessary contracts with the State Library.

**3. Appropriations**

The annual appropriation measure to control cash disbursements is passed each year for the period July 1 to June 30. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations are limited to estimated receipts and prior year's unencumbered cash balance.

**4. Encumbrances**

The Library System uses the encumbrance method of accounting. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

**NOLA REGIONAL LIBRARY SYSTEM  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

**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. 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 cash basis of accounting used by the Library System.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Library System 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 June 30, 2000 follows:

Demand deposits	<u>\$3,628</u>
Total deposits	<u>3,628</u>
STAR Ohio	<u>302,233</u>
Total investments	<u>302,233</u>
Total deposits and investments	<u><u>\$305,861</u></u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

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

**3. 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 also prescribed by the Ohio Revised Code. The Library System's PERS members contributed 8.5% of their gross salaries. The Library System contributed an amount equal to 13.55% of participants' gross salaries. The Library System has paid all contributions required through June 30, 2000.

**NOLA REGIONAL LIBRARY SYSTEM  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**(Continued)**

**4. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

The Library also provides health insurance and dental and vision coverage to full-time employees through a private carrier.



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

Nola Regional Library System  
Trumbull County  
4445 Mahoning Avenue, NW  
Warren, Ohio 44483

To the Board of Trustees:

We have audited the accompanying financial statements of the Nola Regional Library System, Trumbull County, Ohio (the Library System), as of and for the year ended June 30, 2000, and have issued our report thereon dated February 5, 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 Library System'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 System'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.

Nola Regional Library System  
Trumbull County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

February 5, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**NOLA REGIONAL LIBRARY SYSTEM**

**TRUMBULL 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  
FEBRUARY 22, 2001**