



**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY**

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OFFICE OF THE AUDITOR**

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REPORT OF INDEPENDENT ACCOUNTANTS

Geauga County Public Library
Geauga County
12701 Ravenwood Drive
Chardon, Ohio 44024

To the Board of Trustees:

We have audited the accompanying financial statements of the Geauga County Public Library, Geauga County, Ohio, (the Library) as of and for the years ended December 31, 2001 and December 31, 2000. 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 audits.

We conducted our audits 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 audits 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 audits provide 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 Geauga County Library, Geauga County, as of December 31, 2001 and December 31, 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 April 22, 2002 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 audits.

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.

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Jim Petro
Auditor of State

April 22, 2002

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**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$1,318,385			\$1,318,385
Other Government Grants-In-Aid	3,749,798			3,749,798
Patron Fines and Fees	186,640			186,640
Earnings on Investments	91,299			91,299
Services Provided to Other Entities	10,222			10,222
Contributions, Gifts and Donations	49,442			49,442
Miscellaneous Receipts	21,604			21,604
	<hr/>			<hr/>
Total Cash Receipts	5,427,390	\$0	\$0	5,427,390
Cash Disbursements:				
Current:				
Salaries and Benefits	3,161,793			3,161,793
Supplies	148,277			148,277
Purchased and Contracted Services	676,227		56,335	732,562
Library Materials & Information	940,754			940,754
Other Object	24,885			24,885
Debt Service:				
Redemption of Principal		200,000		200,000
Interest Payments and Other Financing Fees and Costs		80,775		80,775
Capital Outlay	136,483		802,987	939,470
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Total Cash Disbursements	5,088,419	280,775	859,322	6,228,516
	<hr/>			<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	338,971	(280,775)	(859,322)	(801,126)
Other Financing Receipts/(Disbursements):				
Transfers-In		259,834	125,000	384,834
Transfers-Out	(384,834)			(384,834)
	<hr/>			<hr/>
Total Other Financing Receipts/(Disbursements)	(384,834)	259,834	125,000	0
	<hr/>			<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(45,863)	(20,941)	(734,322)	(801,126)
	<hr/>			<hr/>
Fund Cash Balances, January 1, 2001	510,142	280,775	1,164,966	1,955,883
	<hr/>			<hr/>
Fund Cash Balances, December 31, 2001	\$464,279	\$259,834	\$430,644	\$1,154,757
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Reserves for Encumbrances, December 31, 2001	\$192,112	\$0	\$156,117	\$348,229
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The notes to the financial statements are an integral part of this statement.

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY**

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Non- Expendable Trust	
Cash Receipts:						
Property and Other Local Taxes	\$1,275,920					\$1,275,920
Other Government Grants-In-Aid	3,741,623	\$15,000				3,756,623
Patron Fines and Fees	178,696					178,696
Earnings on Investments	117,575				\$8	117,583
Services Provided to Other Entities	9,113					9,113
Contributions, Gifts and Donations	11,048					11,048
Miscellaneous Receipts	25,233					25,233
Total Cash Receipts	<u>5,359,208</u>	<u>15,000</u>	<u>\$0</u>	<u>\$0</u>	<u>8</u>	<u>5,374,216</u>
Cash Disbursements:						
Current:						
Salaries and Benefits	2,997,296					2,997,296
Supplies	136,009					136,009
Purchased and Contracted Services	691,144			99,103		790,247
Library Materials & Information	864,748					864,748
Other Objects	28,826					28,826
Debt Service:						
Redemption of Principal			200,000			200,000
Interest Payments and Other Financing Fees and Costs			66,628			66,628
Capital Outlay	150,331	15,000		201,231	559	367,121
Total Cash Disbursements	<u>4,868,354</u>	<u>15,000</u>	<u>266,628</u>	<u>300,334</u>	<u>559</u>	<u>5,450,875</u>
Total Cash Receipts Over/(Under) Cash Disbursements	490,854	0	(266,628)	(300,334)	(551)	(76,659)
Other Financing Receipts/(Disbursements):						
Transfers-In			280,775	300,000		580,775
Transfers-Out	(580,775)					(580,775)
Total Other Financing Receipts/(Disbursements)	<u>(580,775)</u>	<u>0</u>	<u>280,775</u>	<u>300,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(89,921)	0	14,147	(334)	(551)	(76,659)
Fund Cash Balances, January 1, 2000	600,063	0	266,628	1,165,300	551	2,032,542
Fund Cash Balances, December 31, 2000	<u>\$510,142</u>	<u>\$0</u>	<u>\$280,775</u>	<u>\$1,164,966</u>	<u>\$0</u>	<u>\$1,955,883</u>
Reserves for Encumbrances, December 31, 2000	<u>\$186,491</u>	<u>\$0</u>	<u>\$0</u>	<u>\$36,000</u>	<u>\$0</u>	<u>\$222,491</u>

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

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Geauga County Public Library, Geauga 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; four trustees are appointed by the Geauga County Commissioners and three by the Judge of the County Common Pleas Court. 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.

Component units are legally separate organizations for which the Library is financially accountable. Component units may also include organizations that are fiscally dependent on the Library in that the Library approves their budget, the issuance of their debt or the levying of their taxes. The Library has no component units.

The following entities which perform activities within the Library's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the Library is not financially accountable for these entities nor are they fiscally dependent on the Library.

Friend's of the Library

Each Library and the bookmobile has a Friend's of the Library organization. Each Friend's of the Library is a federal tax-exempt, not for profit organization under section 501(a) of the internal Revenue Code as an organization described in section 501(c)(3). The Friend's organizations were developed through community members who support the Library through membership fees and fund-raising activities. The Library exercised no financial control over these not for profit organizations. The Friend's Treasurer's Reports can be obtained through each organization's Treasurer. The Treasurer and financial information for each Friend's Organization are listed below:

Friend's Organization	Treasurer	Financial Contribution to the Library (2001-2000)	Cash Assets at December 31, 2001 (Unaudited)
Bookmobile	Peggy Reblin	\$3,000	\$9,570
East Geauga Library	Dorothy Allen	0	1,054
Bainbridge Library	Leigh Miller	0	15,047
Thompson/Montville Library	Audrey Rasmussen	0	2,350
Newbury Library	Ellen Gilbert	0	1,914
Chardon Library	Kris Haskell	17,146	5,983
Geauga West Library	Charlene Schmidt	5,825	3,042

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

Geauga County Library Foundation

Geauga County Library Foundation is a federal tax-exempt, not for profit corporation under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). The Foundation was organized and operated exclusively for purposes of benefitting the Library. The Foundation consists of eleven members. The Library Director and the Library Clerk-Treasurer are on the Foundation Board. The Library exercises no financial control over this not for profit corporation. The Library received \$0 in financial benefits during the fiscal period January 1, 2000 through December 31, 2001 from the Foundation. Total cash assets (unaudited) of the Geauga County Library Foundation at December 31, 2001 amounted to \$8,522. The Foundation's Financial Activity Report (unaudited) can be obtained through Helen Wilson, Treasurer, Chardon, Ohio 44024.

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 and the sweep account (U.S. Treasury Notes) are valued at cost.

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 Fund:

Library Services and Technology Act (LSTA) In 2000, the Library received a state grant for staff development, training and innovative use of technology.

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of note indebtedness: The Library had the following significant Debt Service Fund:

Administrative Offices Debt Fund: This fund receives transfers from the General Fund for the payment of the financing agreement.

4. Capital Projects Funds

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (except those financed through enterprise or trust funds). The Library had the following significant Capital Projects Fund:

Building and Repair - This fund receives transfers from the General Fund for the capital improvement of the Geauga County Library buildings

5. Fiduciary Funds

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Library had the following significant fiduciary funds in the year 2000. This trust fund was terminated in November, 2000 by a court order:

L. Smith Non-expendable Trust Fund - This fund is used to account for the donation of monies for a specific purpose.

E. Budgetary Process

The Ohio Administrative Code requires budgeting for each fund annually.

1. Appropriations

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.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are not required to estimate resources or encumber appropriations.

A summary of 2001 and 2000 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 investment 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:

	2001	2000
Demand deposits	\$154,212	\$2,338
Petty Cash & Change Cash	545	545
Certificates of deposit	1,000,000	1,750,000
Total deposits	1,154,757	1,752,883
U. S. Treasury Notes	0	203,000
Total investments	0	203,000
Total deposits and investments	\$1,154,757	\$1,955,883

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library.

Investments: U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities.

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,862,958	\$5,665,362	\$197,596
Debt Service	280,775	280,775	0
Capital Projects	1,164,966	1,015,439	149,527
Total	<u>\$7,308,699</u>	<u>\$6,961,576</u>	<u>\$347,123</u>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,064,069	\$5,359,208	\$295,139
Special Revenue	15,000	15,000	0
Debt Service	0	280,775	280,775
Capital Projects	0	300,000	300,000
Fiduciary	8	8	0
Total	<u>\$5,079,077</u>	<u>\$5,954,991</u>	<u>\$875,914</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,664,135	\$5,635,620	\$28,515
Special Revenue	15,000	15,000	0
Debt Service	266,628	266,628	0
Capital Projects	1,165,300	336,334	828,966
Fiduciary	559	559	0
Total	<u>\$7,111,622</u>	<u>\$6,254,141</u>	<u>\$857,481</u>

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 any additional revenues the Library receives. These revenues are reflected in the financial statements as other Government Grants in Aid.

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

**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

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

make semiannual payment, 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 taxing district.

Tangible personal property tax is assessed by the property owners, who must file a list of such property with 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. DEBT

Debt outstanding at December 31, 2001:

	<u>Principal</u>	<u>Interest Rate</u>
Financing Agreement	<u>\$1,600,000</u>	4.5%

In March of 2000, Geauga County reissued note debt for \$1,800,000. Interest and principal payments are due at the end of the County's note term. The financing agreement is collateralized by a leasing agreement. The financing agreement is in effect until the County has received payment in full.

6. RETIREMENT SYSTEM

The Library's employees belong to the Public Employees Retirement Systems (PERS), 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 for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Library has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Geauga County Public Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions; and
- Fire and Theft.

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



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

Geauga County Public Library
Geauga County
12701 Ravenwood Drive
Chardon, Ohio 44024

To the Board of Trustees:

We have audited the accompanying financial statements of the Geauga County Public Library, Geauga County, Ohio (the Library) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated April 22, 2002. We conducted our audits 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 audits 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 audits, 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 April 22, 2002.

This report is intended solely 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

April 22, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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GEAUGA COUNTY PUBLIC LIBRARY

GEAUGA 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
MAY 21, 2002**