



**GNADENHUTTEN PUBLIC LIBRARY
TUSCARAWAS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**GNADENHUTTEN PUBLIC LIBRARY
TUSCARAWAS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Gnadenhutten Public Library
Tuscarawas County
P.O. Box 216
Gnadenhutten, Ohio 44629

To the Board of Trustees:

We have audited the accompanying financial statements of the Gnadenhutten Public Library, Tuscarawas County, Ohio, (the Library) as of and for the years ended December 31, 2001 and 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 Library as of December 31, 2001 and 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 June 24, 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, 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

June 24, 2002

**GNADENHUTTEN PUBLIC LIBRARY
TUSCARAWAS 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Other Government Grants-In-Aid	\$169,874		\$169,874
Patron Fines and Fees	1,719		1,719
Earnings on Investments	1,757		1,757
Contributions, Gifts and Donations	144		144
Miscellaneous	362		362
	<hr/>		<hr/>
Total Cash Receipts	173,856	0	173,856
	<hr/>		<hr/>
Cash Disbursements:			
Current:			
Salaries and Benefits	128,476	6,578	135,054
Supplies	7,266		7,266
Purchased and Contracted Services	13,834		13,834
Library Materials and Information	49,326		49,326
Other	3,457		3,457
	<hr/>		<hr/>
Total Cash Disbursements	202,359	6,578	208,937
	<hr/>		<hr/>
Total Cash Receipts (Under) Cash Disbursements	(28,503)	(6,578)	(35,081)
	<hr/>		<hr/>
Other Financing (Disbursements):			
Other	(180)		(180)
	<hr/>		<hr/>
Excess of Cash Receipts (Under) Cash Disbursements and Other Financing Disbursements	(28,683)	(6,578)	(35,261)
	<hr/>		<hr/>
Fund Cash Balances, January 1	89,304	6,578	95,882
	<hr/>		<hr/>
Fund Cash Balances, December 31	\$60,621	\$0	\$60,621
	<hr/> <hr/>		<hr/> <hr/>
Reserves for Encumbrances, December 31	\$0	\$0	\$0
	<hr/> <hr/>		<hr/> <hr/>

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

**GNADENHUTTEN PUBLIC LIBRARY
TUSCARAWAS 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**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Other Government Grants-In-Aid	\$150,624	\$8,500	\$159,124
Patron Fines and Fees	1,290		1,290
Earnings on Investments	1,110		1,110
Contributions, Gifts and Donations	1,010		1,010
Miscellaneous	444		444
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	154,478	8,500	162,978
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Salaries and Benefits	58,565	1,922	60,487
Supplies	3,181		3,181
Purchased and Contracted Services	14,249		14,249
Library Materials and Information	30,145		30,145
Other	2,934		2,934
Capital Outlay	19,017		19,017
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	128,091	1,922	130,013
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts Over Cash Disbursements	26,387	6,578	32,965
Fund Cash Balances, January 1	62,917	0	62,917
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$89,304	\$6,578	\$95,882
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$0	\$0	\$0
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The notes to the financial statements are an integral part of this statement.

**GNADENHUTTEN PUBLIC LIBRARY
TUSCARAWAS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Gnadenhutten Public Library, Tuscarawas County, Ohio, (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 appointed by Indian Valley Local School District's Board of Education. The Library provides educational, informational, cultural and social services to the community by maintaining an up-to-date inventory of print and non-print materials, current information services, and a facility conveniently located to meet the community's needs.

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 in cash 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 included in the cash fund balances. 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 Library maintains its cash in an interest bearing checking account. Certificates of deposit 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

This fund is 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 has the following Special Revenue Fund:

Indian Valley Local School District Tutoring Grant Fund – This fund is used to account for an initial grant received in conjunction with the Indian Valley Local School District.

**GNADENHUTTEN PUBLIC LIBRARY
TUSCARAWAS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Administrative Code requires budgeting for each fund annually.

1. Appropriations

The Board must annually approve the appropriation measure 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.

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. As a result, 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, the Director and full-time 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.

**GNADENHUTTEN PUBLIC LIBRARY
TUSCARAWAS COUNTY**

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

2. EQUITY IN POOLED CASH

The Library maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 follows:

	2001	2000
Demand deposits	\$35,621	\$95,882
Certificates of deposit	25,000	0
Total deposits	\$60,621	\$95,882

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

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$172,561	\$173,856	\$1,295
Special Revenue	0	0	0
Total	\$172,561	\$173,856	\$1,295

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	261,800	\$202,539	\$59,261
Special Revenue	6,577	6,578	(1)
Total	268,377	\$209,117	\$59,260

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	144,590	\$154,478	\$9,888
Special Revenue	0	8,500	8,500
Total	144,590	\$162,978	\$18,388

**GNADENHUTTEN PUBLIC LIBRARY
TUSCARAWAS COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	207,458	\$128,091	\$79,367
Special Revenue	0	1,922	(1,922)
Total	207,458	\$130,013	\$77,445

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 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.

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 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.

6. RISK MANAGEMENT

Commercial Insurance

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

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



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

Gnadenhutzen Public Library
Tuscarawas County
P.O. Box 216
Gnadenhutzen, Ohio 44629

To the Board of Trustees:

We have audited the accompanying financial statements of the Gnadenhutzen Public Library, Tuscarawas County, Ohio, (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 24, 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.

However, we noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated June 24, 2002.

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 another 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 June 24, 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 fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 24, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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GNADENHUTTEN PUBLIC LIBRARY

TUSCARAWAS 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 23, 2002**