



**NOLA REGIONAL LIBRARY SYSTEM
TRUMBULL COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**NOLA REGIONAL LIBRARY SYSTEM
TRUMBULL COUNTY**

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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) as of and for the year ended June 30, 2001. 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 audit.

We conducted our audit 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 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 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 as of June 30, 2001, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2001, 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. This 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 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

December 31, 2001

**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, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum) only</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Agency</u>	
Cash Receipts:				
State Grants-in-Aid		\$334,039		\$334,039
Local Grants-in-Aid	\$243,678			243,678
Patron Fines and Fees	192,593			192,593
Earnings on Investments	29,772			29,772
Sale of Supplies	160			160
Miscellaneous Receipts	16,894			16,894
	<hr/>			<hr/>
Total Cash Receipts	483,097	334,039		817,136
	<hr/>			
Cash Disbursements:				
Current:				
Salaries and Benefits	90,482	209,890		300,372
Supplies	5,082			5,082
Purchased and Contracted Services	201,970	87,994		289,964
Library Material and Information	3,297	3,156		6,453
Capital Outlay	1,293	30,147		31,440
Miscellaneous	20,324	11,135		31,459
	<hr/>			<hr/>
Total Disbursements	322,448	342,322		664,770
	<hr/>			
Total Cash Receipts Over/(Under) Cash Disbursements	160,649	(8,283)		152,366
	<hr/>			
Other Financing Receipts/(Disbursements):				
Other Receipts			621,118	621,118
Other Disbursements			(606,764)	(606,764)
			<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements):			14,354	14,354
			<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	160,649	(8,283)	14,354	166,720
	<hr/>			<hr/>
Fund Cash Balances, July 1, 2000	284,703	21,158		305,861
	<hr/>			<hr/>
Fund Cash Balances, June 30, 2001	445,352	12,875	14,354	472,581
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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, 2001**

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 ten members representing public libraries and three 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. Money market mutual funds (including Star Ohio) are recorded at share values reported by the mutual fund.

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:

**NOLA REGIONAL LIBRARY SYSTEM
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 System had the following significant Special Revenue Fund:

State Grant Fund, a State fund that accounts for all restricted state monies.

3. Fiduciary Funds (Agency Fund)

Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had an agency fund to account for money collected on behalf of member libraries to be remitted for health insurance coverage.

E. Budgetary Process

1. Budget

On or about 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.

2. 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.

3. 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 appropriations.

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, 2001
(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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library 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, 2001 follows:

	<u>2001</u>
Demand Deposits	<u>\$62,109</u>
Total deposits	<u>62,109</u>
STAR Ohio	<u>410,472</u>
Total investments	<u>410,472</u>
Total deposits and investments	<u><u>\$472,581</u></u>

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

Investments: Investments in STAR Ohio and mutual funds 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's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 10.84% of participants' gross salaries. The Library has paid all contributions required through June 30, 2001.

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 (the Library), as of and for the year ended June 30, 2001, and have issued our report thereon dated December 31, 2001.. We conducted our audit 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 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 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.

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

December 31, 2001



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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
JANUARY 22, 2002**