

Homer Public Library

Licking County, Ohio

Regular Audit

For the Years Ended December 31, 2008 and 2007

**BALESTRA, HARR & SCHERER, CPAs, INC.**

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

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# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Homer Public Library  
385 South Street NW  
Homer, Ohio 43027

We have reviewed the *Independent Auditor's Report* of the Homer Public Library, Licking County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Homer Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

July 6, 2009

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**Homer Public Library**  
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*For the Years Ended December 31, 2008 and 2007*

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

**Independent Auditor's Report**

Homer Public Library  
Licking County, Ohio  
385 South Street NW  
Homer, Ohio 43027

We have audited the accompanying financial statements of the Homer Public Library, Licking County, Ohio, (the Library) as of and for the years ended December 31, 2008 and 2007. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

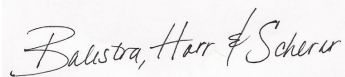
Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Library has elected not follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, 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 the December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2009, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Balestra, Harr & Scherer, CPAs, Inc.  
June 10, 2009

**Homer Public Library**  
*Combined Statement of Cash Receipts, Cash Disbursements, And Changes in Fund Cash Balances*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2008*

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Other Government Grants-In-Aid	\$224,794	\$0	\$224,794
Patron Fines and Fees	2,554	0	2,554
Earnings on Investments	4,734	0	4,734
Contributions, Gifts and Donations	2,050	0	2,050
Miscellaneous	5,037	0	5,037
Total Cash Receipts	<u>239,169</u>	<u>0</u>	<u>239,169</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	148,407	0	148,407
Purchased and Contracted Services	34,372	0	34,372
Other Objects	39,374	0	39,374
Capital Outlay	7,998	8,550	16,548
Total Cash Disbursements	<u>230,151</u>	<u>8,550</u>	<u>238,701</u>
Total Receipts Over/(Under) Disbursements	9,018	(8,550)	468
Fund Cash Balances, January 1	<u>154,016</u>	<u>9,146</u>	<u>163,162</u>
Fund Cash Balances, December 31	<u>\$163,034</u>	<u>\$596</u>	<u>\$163,630</u>
Reserved for Encumbrances, December 31	<u>\$2,389</u>	<u>\$0</u>	<u>\$2,389</u>

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



**Homer Public Library**  
*Combined Statement of Cash Receipts, Cash Disbursements, And Changes in Fund Cash Balances*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2007*

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Other Government Grants-In-Aid	\$225,941	\$0	\$225,941
Patron Fines and Fees	2,486	0	2,486
Earnings on Investments	5,644	0	5,644
Contributions, Gifts and Donations	885	0	885
Miscellaneous	6,669	0	6,669
Total Cash Receipts	<u>241,625</u>	<u>0</u>	<u>241,625</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	154,987	0	154,987
Purchased and Contracted Services	33,343	0	33,343
Other Objects	41,098	0	41,098
Capital Outlay	12,390	6,680	19,070
Total Cash Disbursements	<u>241,818</u>	<u>6,680</u>	<u>248,498</u>
Total Receipts Over/(Under) Disbursements	(193)	(6,680)	(6,873)
Other Financing Receipts/(Disbursements):			
Transfers In	0	15,000	15,000
Transfers Out	(15,000)	0	(15,000)
Total Other Financing Receipts/(Disbursements)	<u>(15,000)</u>	<u>15,000</u>	<u>0</u>
Excess of Cash Receipts Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(15,193)	8,320	(6,873)
Fund Cash Balances, January 1	<u>169,209</u>	<u>826</u>	<u>170,035</u>
Fund Cash Balances, December 31	<u>\$154,016</u>	<u>\$9,146</u>	<u>\$163,162</u>
Reserved for Encumbrances, December 31	<u>\$3,049</u>	<u>\$0</u>	<u>\$3,049</u>

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

**Homer Public Library**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2008 and 2007*

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Homer Public Library, Licking County, Ohio, (the Library) as a body corporate and politic. The Library is directed by a three-member Board of Trustees to govern the Library. 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.

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

The Library's accounting basis includes investments as assets. Accordingly, the Library does not record investment purchases as disbursements or investment sales as receipts. The Library records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual fund reports.

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. Capital Projects Funds - These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following significant Capital Projects Fund:

*Building and Repair Fund* – This fund is used for capital outlay expenditures related to facilities and repairs to facilities.

E. Budgetary Process

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.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**Homer Public Library**  
*Notes to the Financial Statements*  
For the Years Ended December 31, 2008 and 2007

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

**NOTE 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 December 31 was as follows:

	2008	2007
Demand deposits	\$31,096	\$35,322
Certificates of deposit	44,862	42,357
STAR Ohio	87,672	85,483
Total deposits and investments	\$163,630	\$163,162

*Deposits:* Demand deposits and certificates of deposit 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 existing in physical or book-entry form.

**NOTE 3 – BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$302,670	\$232,540	\$70,130
Capital Projects	10,000	8,550	1,450
Total	\$312,670	\$241,090	\$71,580

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$326,350	\$259,867	\$66,483
Capital Projects	10,000	6,680	3,320
Total	\$336,350	\$266,547	\$69,803

**NOTE 4 – GRANTS-IN-AID**

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF 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.

**Homer Public Library**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2008 and 2007*

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**NOTE 5 – RETIREMENT SYSTEMS**

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. The Ohio Revised Code prescribes retirement benefits for vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees as the Ohio Revised Code prescribes.

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 10.0 percent and 9.5 percent of their gross salaries for the years ended December 31, 2008 and 2007, respectively. The Library contributed amounts equal to 14.00 percent and 13.85 percent of participants' gross salaries for the years ended December 31, 2008 and 2007, respectively. The Library has paid all contributions required through December 31, 2008.

**NOTE 6 – RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The Library has not incurred significant reductions in insurance coverage from the prior year by category or risk.

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

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## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Homer Public Library  
Licking County, Ohio  
385 South Street NW  
Homer, Ohio 43027

We have audited the accompanying financial statements of the Homer Public Library, Licking County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 10, 2009, wherein we noted the Library follows the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies, resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Homer Public Library

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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### **Compliance and Other Matters**

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than those specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

June 10, 2009



Mary Taylor, CPA  
Auditor of State

HOMER PUBLIC LIBRARY

LICKING 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 16, 2009