



**DEFIANCE PUBLIC LIBRARY
DEFIANCE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Defiance Public Library
Defiance County
320 Fort Street
Defiance, Ohio 43512-2186

To the Board of Trustees:

We have audited the accompanying financial statements of Defiance Public Library, Defiance County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998. 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 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 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, 1999 and 1998, 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 24, 2000 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 intended solely for the information and use of 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

April 24, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Taxes	\$1,469,803			\$1,469,803
Patron Fines and Fees	19,266			19,266
Earnings on Investments	44,886			44,886
Contributions, Gifts and Donations	2,907		\$18,546	21,453
Miscellaneous Receipts	42,336			42,336
Total Cash Receipts	<u>1,579,198</u>	<u>\$0</u>	<u>18,546</u>	<u>1,597,744</u>
Cash Disbursements:				
Salaries and Benefits	856,557			856,557
Supplies	29,214			29,214
Purchased and Contracted Services	251,772	6,110		257,882
Library Material and Information	204,064			204,064
Capital Outlay	54,139			54,139
Other Expenses	7,420			7,420
Total Cash Disbursements	<u>1,403,166</u>	<u>6,110</u>	<u>0</u>	<u>1,409,276</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>176,032</u>	<u>(6,110)</u>	<u>18,546</u>	<u>188,468</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		55,000	2,332	57,332
Transfers-Out	(57,332)			(57,332)
Total Other Financing Receipts/(Disbursements)	<u>(57,332)</u>	<u>55,000</u>	<u>2,332</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	118,700	48,890	20,878	188,468
Fund Cash Balances, January 1	332,256	357,741	46,318	736,315
Fund Cash Balances, December 31	<u>\$450,956</u>	<u>\$406,631</u>	<u>\$67,196</u>	<u>\$924,783</u>
Reserves for Encumbrances, December 31	\$93,284	\$13,482	\$0	\$106,766

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Taxes	\$1,341,202			\$1,341,202
Patron Fines and Fees	23,683			23,683
Earnings on Investments	40,419			40,419
Contributions, Gifts and Donations	2,339		\$15,050	17,389
Miscellaneous Receipts	50,459			50,459
Total Cash Receipts	<u>1,458,102</u>	<u>\$0</u>	<u>15,050</u>	<u>1,473,152</u>
Cash Disbursements:				
Salaries and Benefits	740,854			740,854
Supplies	35,429			35,429
Purchased and Contracted Services	252,619			252,619
Library Material and Information	227,912			227,912
Capital Outlay	31,612	41,549		73,161
Other Expenses	3,440			3,440
Total Cash Disbursements	<u>1,291,866</u>	<u>41,549</u>	<u>0</u>	<u>1,333,415</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>166,236</u>	<u>(41,549)</u>	<u>15,050</u>	<u>139,737</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		150,000	1,601	151,601
Transfers-Out	(151,601)			(151,601)
Total Other Financing Receipts/(Disbursements)	<u>(151,601)</u>	<u>150,000</u>	<u>1,601</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	<u>14,635</u>	<u>108,451</u>	<u>16,651</u>	<u>139,737</u>
Fund Cash Balances, January 1	<u>317,621</u>	<u>249,290</u>	<u>29,667</u>	<u>596,578</u>
Fund Cash Balances, December 31	<u><u>\$332,256</u></u>	<u><u>\$357,741</u></u>	<u><u>\$46,318</u></u>	<u><u>\$736,315</u></u>
Reserves for Encumbrances, December 31	<u><u>\$94,437</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$94,437</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Defiance Public Library, Defiance 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 the State of Ohio. The Library is directed by a six-member Board of Trustees appointed by the Mayor of the City of Defiance. 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 investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had one significant capital project fund: the Building Improvement Fund. It is funded by transfers from the General Fund and revenue is used for improvements to the buildings.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Funds (Trust 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 one significant fiduciary fund, the Houch/Weaner Expendable Trust Fund.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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.

A summary of 1999 and 1998 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. 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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library had cash on hand of \$245 for fiscal years ended December 31, 1999 and 1998.

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 follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$31,380	\$49,395
STAR Ohio	<u>893,158</u>	<u>686,675</u>
Total deposits and investments	<u><u>\$924,538</u></u>	<u><u>\$736,070</u></u>

Deposits: Deposits 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 that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,564,589	\$1,579,198	\$14,609
Capital Projects	0	55,000	55,000
Fiduciary	<u>3,975</u>	<u>20,878</u>	<u>16,903</u>
Total	<u><u>\$1,568,564</u></u>	<u><u>\$1,655,076</u></u>	<u><u>\$86,512</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,828,960	\$1,553,782	\$275,178
Capital Projects	357,741	19,592	338,149
Fiduciary	<u>50,293</u>	<u>0</u>	<u>50,293</u>
Total	<u><u>\$2,236,994</u></u>	<u><u>\$1,573,374</u></u>	<u><u>\$663,620</u></u>

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,419,942	\$1,458,102	\$38,160
Capital Projects	0	150,000	150,000
Fiduciary	1,550	16,651	15,101
Total	\$1,421,492	\$1,624,753	\$203,261

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,737,563	\$1,537,904	\$199,659
Capital Projects	249,290	41,549	207,741
Fiduciary	31,217	0	31,217
Total	\$2,018,070	\$1,579,453	\$438,617

4. 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 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 1999.

5. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

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



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

Defiance Public Library
Defiance County
320 Fort Street
Defiance, Ohio 43512-2186

To the Board of Trustees:

We have audited the accompanying financial statements of Defiance Public Library, Defiance County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 24, 2000. We conducted our audits 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'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 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 24, 2000.

This report is intended for the information and use of management and the 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", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

April 24, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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DEFIANCE PUBLIC LIBRARY

DEFIANCE 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 16, 2000**