



**PUTNAM DISTRICT LIBRARY
PUTNAM 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

Putnam District Library
Putnam County
525 North Thomas Street
PO Box 308
Ottawa, Ohio 45875-0308

To the Board of Trustees:

We have audited the accompanying financial statements of the Putnam District Library, Putnam 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 March 30, 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 the finance 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

March 30, 2000

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**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**

	Governmental Fund Types		
	General	Debt Service	Capital Projects
Cash Receipts:			
State Income Taxes	\$1,254,844		
General Property Taxes		\$73,353	
State Grants-in-aid		7,761	
Patron Fines and Fees	19,315		
Interest on Investments	24,134	12,813	
Restricted Contributions, Gifts and Donations	16,437		
Miscellaneous Revenue	1,922		
	<u>1,316,652</u>	<u>93,927</u>	<u>\$0</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	771,213		
Supplies	33,403		
Purchased and Contracted Services	93,584		
Library Materials and Information	211,450		
Other Objects	11,093		
Debt Service:			
Redemption of Principal		65,000	
Interest Payments and Other Financing Fees and Costs		33,003	
Capital Outlay	151,226		29,912
	<u>1,271,969</u>	<u>98,003</u>	<u>29,912</u>
Total Cash Disbursements			
	<u>1,271,969</u>	<u>98,003</u>	<u>29,912</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>44,683</u>	<u>(4,076)</u>	<u>(29,912)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In			35,000
Transfers-Out	(35,000)		
	<u>(35,000)</u>	<u>0</u>	<u>35,000</u>
Total Other Financing Receipts/(Disbursements)			
	<u>(35,000)</u>	<u>0</u>	<u>35,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	9,683	(4,076)	5,088
Fund Cash Balances, January 1	320,985	215,402	135,388
Fund Cash Balances, December 31	<u>\$330,668</u>	<u>\$211,326</u>	<u>\$140,476</u>
Reserves for Encumbrances, December 31	<u>\$117,509</u>	<u>\$0</u>	<u>\$0</u>

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

<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Expendable Trust</u>	
	\$1,254,844
	73,353
	7,761
	19,315
\$12,459	49,406
40,721	57,158
	<u>1,922</u>
<u>53,180</u>	<u>1,463,759</u>
	771,213
	33,403
1,000	94,584
	211,450
	11,093
	65,000
	33,003
<u>126,251</u>	<u>307,389</u>
<u>127,251</u>	<u>1,527,135</u>
<u>(74,071)</u>	<u>(63,376)</u>
	35,000
	<u>(35,000)</u>
<u>0</u>	<u>0</u>
(74,071)	(63,376)
<u>239,501</u>	<u>911,276</u>
<u>\$165,430</u>	<u>\$847,900</u>
<u>\$0</u>	<u>\$117,509</u>

**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>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Cash Receipts:			
State Income Taxes	\$1,135,034		
General Property Taxes		\$105,458	
State Grants-in-aid		11,297	
Patron Fines and Fees	20,300		
Interest on Investments	46,149		
Restricted Contributions, Gifts and Donations	19,215		
Refunds and Reimbursements	3,672		
	<u>1,224,370</u>	<u>116,755</u>	<u>\$0</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries and Benefits	687,433		
Supplies	31,815		
Purchased and Contracted Services	94,771		
Library Materials and Information	171,661		
Other Objects	7,626		
Debt Service:			
Redemption of Principal		65,000	
Interest Payments and Other Financing Fees and Costs		37,971	
Capital Outlay	37,046		37,322
	<u>1,030,352</u>	<u>102,971</u>	<u>37,322</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>194,018</u>	<u>13,784</u>	<u>(37,322)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		11,710	27,345
Transfers-Out	(49,848)		
	<u>(49,848)</u>	<u>11,710</u>	<u>27,345</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	144,170	25,494	(9,977)
Fund Cash Balances, January 1	<u>176,815</u>	<u>189,908</u>	<u>145,365</u>
Fund Cash Balances, December 31	<u>\$320,985</u>	<u>\$215,402</u>	<u>\$135,388</u>
Reserves for Encumbrances, December 31	<u>\$184,572</u>	<u>\$0</u>	<u>\$8,447</u>

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

<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Expendable Trust</u>	
	\$1,135,034
	105,458
	11,297
	20,300
	46,149
\$87,621	106,836
	<u>3,672</u>
<u>87,621</u>	<u>1,428,746</u>
	687,433
	31,815
8,080	102,851
	171,661
	7,626
	65,000
	37,971
	<u>74,368</u>
<u>8,080</u>	<u>1,178,725</u>
<u>79,541</u>	<u>250,021</u>
10,793	49,848
	<u>(49,848)</u>
<u>10,793</u>	<u>0</u>
90,334	250,021
<u>149,167</u>	<u>661,255</u>
<u>\$239,501</u>	<u>\$911,276</u>
<u>\$124,016</u>	<u>\$317,035</u>

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Putnam District Library, Putnam 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 seven-member Board of Trustees appointed by the Putnam County Court of Common Pleas, three members, and the Putnam County Commissioners, four members. 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

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, U.S. Treasury Notes, and FHLB Notes are valued at cost. 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Debt Service Fund

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

Bond Retirement Fund - used for the accumulation of resources for retirement of the 1986 library improvement bond issue.

3. 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 the following significant capital project fund:

Special Projects Fund - received transfers from the general fund which were used for furniture and equipment purchases.

4. Fiduciary Funds (Trust and Agency 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. Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had the following significant fiduciary fund, which is an expendable trust fund:

Lila M. Stauffer Trust Fund - Received a bequest for the purpose of landscaping, ground maintenance and expansion.

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 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.

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

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.

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 follows:

	<u>1999</u>	<u>1998</u>
Cash on hand	\$490	\$490
Demand deposits	\$77,602	\$230,896
Certificates of deposit	397,852	281,698
Total deposits	475,944	513,084
Treasury Notes	50,000	75,000
FHLB Note	25,125	25,125
STAR Ohio	296,831	298,067
Total investments	371,956	398,192
Total deposits and investments	\$847,900	\$911,276

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Investments: U.S. Treasury Notes and FHLB 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. 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	\$1,292,001	\$1,316,652	\$24,651
Debt Service	89,398	93,927	4,529
Capital Projects	0	35,000	35,000
Fiduciary	7,000	53,180	46,180
Total	\$1,388,399	\$1,498,759	\$110,360

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,601,072	\$1,424,478	\$176,594
Debt Service	100,435	98,003	2,432
Capital Projects	54,822	29,912	24,910
Fiduciary	155,516	127,251	28,265
Total	\$1,911,845	\$1,679,644	\$232,201

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,195,897	\$1,224,370	\$28,473
Debt Service	116,505	128,465	11,960
Capital Projects	0	27,345	27,345
Fiduciary	50,000	98,414	48,414
Total	\$1,362,402	\$1,478,594	\$116,192

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,372,712	\$1,264,772	\$107,940
Debt Service	105,414	102,971	2,443
Capital Projects	86,200	45,769	40,431
Fiduciary	145,500	132,096	13,404
Total	\$1,709,826	\$1,545,608	\$164,218

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 on account of any additional revenues realized by the Library.

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 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 to 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, 1999 was as follows:

	Principal	Interest Rate
Library Improvement Bonds	\$440,000	6 1/8%

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

5. DEBT (Continued)

Outstanding general obligation bonds consist of Library Improvement issues. General obligation bonds are direct obligations of the Library for which its full faith, credit and resources are pledged and are payable from tax levies on all taxable property in Putnam County.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Bonds
2000	\$91,950
2001	87,969
2002	83,988
2003	80,006
2004	71,025
Subsequent	131,025
Total	\$545,963

6. 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.

7. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Property Coverage
- General Liability
- Umbrella General Liability
- Auto Coverage
- Inland Marine
- Employers Stop Gap Liability Coverage

The Library also provides health and life insurance 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**

Putnam District Library
Putnam County
525 North Thomas Street
PO Box 308
Ottawa, Ohio 45875-0308

To the Board of Trustees:

We have audited the accompanying financial statements of the Putnam District Library, Putnam County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated [End of Fieldwork Date]. 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.

This report is intended for the information and use of the finance 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

March 30, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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PUTNAM DISTRICT LIBRARY

PUTNAM 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
APRIL 25, 2000**