



**ROCKFORD CARNEGIE LIBRARY  
MERCER COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**ROCKFORD CARNEGIE LIBRARY  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Rockford Carnegie Library  
Mercer County  
162 South Main Street  
P.O. Box 330  
Rockford, Ohio 45882

To the Board of Trustees:

We have audited the accompanying financial statements of the Rockford Carnegie Library, Mercer County, Ohio, (the Library) as of and for the years ended December 31, 1999 and December 31, 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 audit.

We conducted our audit 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 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 fund cash balance and reserves for encumbrances of the Library as of December 31, 1999 and December 31, 1998, and its 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 15, 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 audit committee, management, and 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".

**Jim Petro**  
Auditor of State

June 15, 2000

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**ROCKFORD CARNEGIE LIBRARY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Governmental Fund Types</b>
	<b>General</b>
<b>Cash Receipts:</b>	
Other Government Grants-In-Aid	\$245,817
Patron Fines and Fees	1,952
Earnings on Investments	2,433
Contributions, Gifts and Donations	560
Miscellaneous Receipts	2,250
Total Cash Receipts	253,012
<b>Cash Disbursements:</b>	
Current:	
Salaries and Benefits	78,624
Supplies	11,427
Purchased and Contracted Services	17,979
Library Materials and Information	39,629
Other Objects	18,138
Capital Outlay	43,552
Total Cash Disbursements	209,349
Total Cash Receipts Over/(Under) Cash Disbursements	43,663
Fund Cash Balance, January 1	110,021
<b>Fund Cash Balance, December 31</b>	<b>\$153,684</b>
Reserves for Encumbrances, December 31	\$29,092

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

**ROCKFORD CARNEGIE LIBRARY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<b>Governmental Fund Types</b>
	<b>General</b>
<b>Cash Receipts:</b>	
Other Government Grants-In-Aid	\$225,940
Patron Fines and Fees	2,921
Earnings on Investments	1,432
Contributions, Gifts and Donations	6,587
Miscellaneous Receipts	838
Total Cash Receipts	237,718
<b>Cash Disbursements:</b>	
Current:	
Salaries and Benefits	75,507
Supplies	12,991
Purchased and Contracted Services	18,388
Library Materials and Information	37,128
Other Objects	17,147
Capital Outlay	13,597
Total Cash Disbursements	174,758
Total Cash Receipts Over/(Under) Cash Disbursements	62,960
<b>Other Financing Receipts:</b>	
Proceeds from Sales of Property	125
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	63,085
Fund Cash Balance, January 1	46,936
<b>Fund Cash Balance, December 31</b>	<b>\$110,021</b>
Reserves for Encumbrances, December 31	\$41,615

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



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Rockford Carnegie Library, Mercer 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 a School District Library as defined by Section 3375.14, Ohio Revised Code. The Library is directed by a seven-member Board of Trustees appointed by the Parkway School District Board of Education. 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 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.

**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, account level of control. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**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. The Library did not encumber all commitments required by the Ohio Administrative Code.

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>
Demand deposits	\$137,696	\$94,683
Certificates of deposit	<u>15,988</u>	<u>15,338</u>
Total deposits	<u><u>153,684</u></u>	<u><u>110,021</u></u>

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

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

**3. BUDGETARY ACTIVITY**

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

<b>1999 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$223,181	\$253,012	\$29,831
Total	<u>\$223,181</u>	<u>\$253,012</u>	<u>\$29,831</u>

<b>1999 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$333,202	\$238,441	\$94,761
Total	<u>\$333,202</u>	<u>\$238,441</u>	<u>\$94,761</u>

<b>1998 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$223,191	\$237,843	14,652
Total	<u>\$223,191</u>	<u>\$237,843</u>	<u>\$14,652</u>

<b>1998 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$243,449	\$216,373	\$27,076
Total	<u>\$243,449</u>	<u>\$216,373</u>	<u>\$27,076</u>

**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.

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

**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 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.

**6. RISK MANAGEMENT**

The Library has obtained commercial insurance from a private carrier for the following risks:

- Commercial Property
- Commercial General Liability
- Business Auto

**7. MERCER COUNTY LIBRARIES AUTOMATION COOPERATIVE**

The Library is part of the Mercer County Libraries Automation Cooperative, which includes various Mercer County Libraries. The Cooperative was formed to share the cost and maintenance of the computer hardware and software upgrades of the various libraries. The Cooperative agreement allows the Mercer County District Public Library to be the administering library for the cooperative. All administrative cost are the responsibility of the administering library. Each Library Board of Trustees has designated one voting representative to act on their behalf at all Library Cooperative meetings. The Library made no financial contributions to the Cooperative during 1998 and 1999.



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

Rockford Carnegie Library  
Mercer County  
162 South Main Street  
P.O. Box 330  
Rockford, Ohio 45882

To the Board of Trustees:

We have audited the accompanying financial statements of the Rockford Carnegie Library, Mercer County, Ohio (the Library), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated June 15, 2000. We conducted our audit 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-00254-001.

**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.

This report is intended for the information and use of the audit committee, 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". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

June 15, 2000

**ROCKFORD CARNEGIE LIBRARY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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Finding Number	1999-00254-001
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Ohio Admin. Code Section 117-4-14 (A), provides that each board of library trustees shall execute a purchase order when offering to buy goods or services. The amount of each purchase order shall be encumbered as set forth in rule 117-4-07 of the Administrative Code before it is issued.

Sample test results revealed that in forty-one percent (41%) of the transactions tested, a purchase order was not issued until after an invoice was received for the goods and services.

The Library should issue purchase orders prior to ordering the goods or service.







**STATE OF OHIO**  
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**ROCKFORD CARNEGIE LIBRARY**

**MERCER 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**  
**AUGUST 1, 2000**