



**ARCHBOLD COMMUNITY LIBRARY
FULTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ARCHBOLD COMMUNITY LIBRARY
FULTON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Archbold Community Library
Fulton County
205 Stryker Street
Archbold, Ohio 43502-1191

To the Board of Trustees:

We have audited the accompanying financial statements of the Archbold Community Library, Fulton County, Ohio, (the Library) as of and for the years ended December 31, 2000 and 1999. 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 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 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, 2000 and 1999, 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 June 13, 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. That 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 audits.

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.

Jim Petro
Auditor of State

June 13, 2001

**ARCHBOLD COMMUNITY LIBRARY
FULTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$67,250		\$67,250
Other Government Grants-In-Aid	298,810		298,810
Patron Fines and Fees	12,868		12,868
Earnings on Investments	5,395	\$7,608	13,003
Contributions, Gifts and Donations	1,537		1,537
Miscellaneous Receipts	938		938
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	386,798	7,608	394,406
Cash Disbursements:			
Current:			
Salaries and Benefits	189,422		189,422
Supplies	9,156		9,156
Purchased and Contracted Services	64,290	369	64,659
Library Materials and Information	60,363		60,363
Other Objects	1,154		1,154
Capital Outlay	2,772	16,880	19,652
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	327,157	17,249	344,406
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	59,641	(9,641)	50,000
Other Financing Receipts/(Disbursements):			
Transfers-In		39,280	39,280
Transfers-Out	(39,280)		(39,280)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(39,280)	39,280	
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	20,361	29,639	50,000
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	67,204	190,827	258,031
Fund Cash Balances, December 31	<hr/> \$87,565 <hr/>	<hr/> \$220,466 <hr/>	<hr/> \$308,031 <hr/>
Reserves for Encumbrances, December 31	<hr/>	<hr/>	<hr/>
	\$852		\$852

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

**ARCHBOLD COMMUNITY LIBRARY
FULTON COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$67,358		\$67,358
Other Government Grants-In-Aid	281,345		281,345
Patron Fines and Fees	12,337		12,337
Earnings on Investments	3,041	\$5,608	8,649
Contributions, Gifts and Donations	3,374		3,374
Miscellaneous Receipts	1,781		1,781
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	369,236	5,608	374,844
Cash Disbursements:			
Current:			
Salaries and Benefits	191,170		191,170
Supplies	8,515		8,515
Purchased and Contracted Services	64,779	809	65,588
Library Materials and Information	57,846		57,846
Other Objects	1,028		1,028
Capital Outlay	1,368	12,878	14,246
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	324,706	13,687	338,393
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	44,530	(8,079)	36,451
Other Financing Receipts/(Disbursements):			
Transfers-In		36,373	36,373
Transfers-Out	(36,373)		(36,373)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(36,373)	36,373	
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	8,157	28,294	36,451
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	59,047	162,533	221,580
Fund Cash Balances, December 31	<hr/> \$67,204 <hr/>	<hr/> \$190,827 <hr/>	<hr/> \$258,031 <hr/>
Reserves for Encumbrances, December 31	<hr/>	<hr/>	<hr/>
	\$2,924	\$500	\$3,424

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

**ARCHBOLD COMMUNITY LIBRARY
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Archbold Community Library, Fulton 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 Archbold Area Local 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

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.

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 the following significant capital project fund:

Furniture and Equipment Fund - This fund receives private donations and contributions for purchases of furniture and equipments.

**ARCHBOLD COMMUNITY LIBRARY
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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 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 2000 and 1999 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

Employees are entitled to cash payments for unused vacation in certain circumstances, such as upon leaving employment. Unpaid vacation is not reflected as a liability under the cash basis of accounting used by the Library.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash 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>2000</u>	<u>1999</u>
Demand deposits	\$143,182	\$95,651
Certificates of deposit	164,689	162,220
Total deposits	<u>307,871</u>	<u>257,871</u>
Cash on hand	160	160
Total deposits and cash on hand	<u><u>\$308,031</u></u>	<u><u>\$258,031</u></u>

**ARCHBOLD COMMUNITY LIBRARY
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Library, or (3) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$389,000	\$386,798	(\$2,202)
Capital Projects	47,781	46,888	(893)
Total	\$436,781	\$433,686	(\$3,095)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$456,204	\$367,289	\$88,915
Capital Projects	28,000	17,249	10,751
Total	\$484,204	\$384,538	\$99,666

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$347,654	\$369,236	\$21,582
Capital Projects	42,000	41,981	(19)
Total	\$389,654	\$411,217	\$21,563

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$405,711	\$364,003	\$41,708
Capital Projects	29,000	14,187	14,813
Total	\$434,711	\$378,190	\$56,521

Contrary to Ohio Administrative Code, for a certain fund, the Library did not report estimated expenditures from appropriation resolutions. The budgetary financial note correctly reflects approved budgeted appropriations.

**ARCHBOLD COMMUNITY LIBRARY
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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 payments, 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. 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% and 10.84% of participants' gross salaries for 1999 and 2000, respectively. The Library has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Errors and omissions.



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

Archbold Community Library
Fulton County
205 Stryker Street
Archbold, Ohio 43502-1191

To the Board of Trustees:

We have audited the accompanying financial statements of Archbold Community Library, Fulton County, (the Library) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 13, 2001. We conducted our audits 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-00126-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated June 13, 2001.

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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated June 13, 2001.

Archbold Community Library
Fulton County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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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.

Jim Petro
Auditor of State

June 13, 2001

**ARCHBOLD COMMUNITY LIBRARY
FULTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2000-00126-001

Noncompliance Citation

Ohio Administrative Code § 117-4-07 (C) states a library board shall post to each appropriation account an amount equal to the amount appropriated for that account in the annual appropriation resolution(s).

In 1999, the furniture and equipment fund, a capital projects fund, had budgeted expenditures (\$10,000) in the budget history reports (the appropriation ledger) which did not match the amounts appropriated in the appropriations resolutions (\$19,400.)

The budgetary financial note correctly reflects amounts from annual appropriation resolutions and any amendments.

Inaccurate budget to actual comparisons could cause management to draw incorrect conclusions regarding fiscal position.

Ohio Administrative Code § 117-4-07 (C) was replaced by Ohio Administrative Code §§ 117-2-02 (C1) and (D3) as of July 1, 2000. The replacement section suggests that local governments maintain much of the records in much the same format as the superseded sections.

We recommend the budgeted expenditures posted to the budget reports reflect the amounts originally approved on the appropriation resolutions and any modifications approved by the Board of Trustees in the minutes.



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ARCHBOLD COMMUNITY LIBRARY

FULTON 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 5, 2001**