



**MERCER COUNTY DISTRICT LIBRARY
MERCER COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MERCER COUNTY DISTRICT LIBRARY
MERCER LIBRARY

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REPORT OF INDEPENDENT ACCOUNTANTS

Mercer County District Library
Mercer County
303 North Main Street
Celina, OH 45822

To the Board of Trustees:

We have audited the accompanying financial statements of the Mercer County District Library, Mercer County, Ohio, (the Library) as of and for the years ended December 31, 2000 and December 31, 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 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 combined fund cash balances and reserves for encumbrances of the Library as of December 31, 2000 and December 31, 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 April 12, 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 audit.

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

April 12, 2001

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**MERCER COUNTY DISTRICT LIBRARY
MERCER COUNTY**

**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, 2000**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Property and Other Local Taxes	\$1,009,407				\$1,009,407
Intergovernmental Receipts	10,015				10,015
Patron Fines and Fees	8,769				8,769
Earnings on Investments	7,807	1,339	869		10,015
Contributions, Gifts and Donations		26,783			26,783
Miscellaneous Receipts	440	9,207			9,647
Total Cash Receipts	1,036,438	37,329	869	0	1,074,636
Cash Disbursements:					
Current:					
Salaries and Benefits	482,126	1,087			483,213
Purchased and Contracted Services	79,678	3,310			82,988
Other Objects	150,133	3,069			153,202
Capital Outlay	88,850	30,733	125,936	10,294	255,813
Total Cash Disbursements	800,787	38,199	125,936	10,294	975,216
Total Cash Receipts Over/(Under) Cash Disbursements	235,651	(870)	(125,067)	(10,294)	99,420
Other Financing Receipts/(Disbursements):					
Transfers-In			222,275		222,275
Advances-In		1,087			1,087
Transfers-Out	(222,275)				(222,275)
Advances-Out	(1,087)				(1,087)
Total Other Financing Receipts/(Disbursements)	(223,362)	1,087	222,275	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	12,289	217	97,208	(10,294)	99,420
Fund Cash Balances, January 1	61,102	56,171	129,544	10,294	257,111
Fund Cash Balances, December 31	\$73,391	\$56,388	\$226,752	\$0	\$356,531
Reserves for Encumbrances, December 31	\$23,385	\$78,838	\$0	\$0	\$102,223

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

**MERCER COUNTY DISTRICT LIBRARY
MERCER COUNTY**

**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</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Capital</u> <u>Projects</u>	<u>Expendable</u> <u>Trust</u>	
Cash Receipts:					
Property and Other Local Taxes	\$837,549				\$837,549
Patron Fines and Fees	9,101				9,101
Earnings on Investments	3,777	2,397	3,424		9,598
Contributions, Gifts and Donations		2,594	90,000		92,594
Miscellaneous Receipts	697	9,499			10,196
Total Cash Receipts	<u>851,124</u>	<u>14,490</u>	<u>93,424</u>	<u>0</u>	<u>959,038</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	443,229				443,229
Purchased and Contracted Services	133,324	3,139			136,463
Other Objects	72,407	12,967			85,374
Capital Outlay	15,952	2,294	346,169	2,058	366,473
Total Cash Disbursements	<u>664,912</u>	<u>18,400</u>	<u>346,169</u>	<u>2,058</u>	<u>1,031,539</u>
Total Cash Receipts Over/(Under) Cash Disbursement:	<u>186,212</u>	<u>(3,910)</u>	<u>(252,745)</u>	<u>(2,058)</u>	<u>(72,501)</u>
Other Financing Receipts/(Disbursements):					
Transfers-In			188,176		188,176
Transfers-Out	(188,176)				(188,176)
Total Other Financing Receipts/(Disbursements)	<u>(188,176)</u>	<u>0</u>	<u>188,176</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,964)	(3,910)	(64,569)	(2,058)	(72,501)
Fund Cash Balances, January 1	63,066	60,081	194,113	12,352	329,612
Fund Cash Balances, December 31	<u>\$61,102</u>	<u>\$56,171</u>	<u>\$129,544</u>	<u>\$10,294</u>	<u>\$257,111</u>
Reserves for Encumbrances, December 31	<u>\$27,777</u>	<u>\$31,218</u>	<u>\$103,665</u>	<u>\$10,294</u>	<u>\$172,954</u>

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

**MERCER COUNTY DISTRICT LIBRARY
MERCER COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Mercer County District 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 directed by a seven-member Board of Trustees appointed by County Commissioners and the Common Pleas Court Judge. 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.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. The common stock is valued at the fair value of the date of the donation to the Library.

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. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

**MERCER COUNTY DISTRICT LIBRARY
MERCER COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Nickel Trust Fund - This fund receives dividends from donated stock and revenues from copy machines that was purchased from this fund.

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.

Building & Repair Fund - This fund received transfer money and donations for the building addition.

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 expendable trust fund:

Meinerding Trust Fund - This fund received donations to be used for the St. Henry - Granville Township Branch of the Mercer County Library

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 and function. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

2. 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.

**MERCER COUNTY DISTRICT LIBRARY
MERCER COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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>2000</u>	<u>1999</u>
Demand deposits	\$4,568	\$251,879
PNC Finance Corp Stock	500	500
STAR Ohio	<u>351,463</u>	<u>4,732</u>
Total deposits and investments	<u><u>\$356,531</u></u>	<u><u>\$257,111</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Library.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. The Stock is common stock registered in the Library's name.

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,005,243	\$1,036,438	\$31,195
Special Revenue	140,384	38,416	(101,968)
Capital Projects	0	223,144	223,144
Fiduciary	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u><u>\$1,145,627</u></u>	<u><u>\$1,297,998</u></u>	<u><u>\$152,371</u></u>

**MERCER COUNTY DISTRICT LIBRARY
MERCER COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,303,522	\$1,047,534	\$255,988
Special Revenue	182,735	117,037	65,698
Capital Projects	129,547	125,936	3,611
Fiduciary	10,294	10,294	0
Total	<u>\$1,626,098</u>	<u>\$1,300,801</u>	<u>\$325,297</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$662,466	\$851,124	\$188,658
Special Revenue	0	14,490	14,490
Capital Projects	278,177	281,600	3,423
Fiduciary	0	0	0
Total	<u>\$940,643</u>	<u>\$1,147,214</u>	<u>\$206,571</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$835,302	\$880,865	(\$45,563)
Special Revenue	60,079	49,619	10,460
Capital Projects	472,290	449,834	22,456
Fiduciary	12,352	12,352	0
Total	<u>\$1,380,023</u>	<u>\$1,392,670</u>	<u>(\$12,647)</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.

**MERCER COUNTY DISTRICT LIBRARY
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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 January 1999 through June 2000 and an amount equal to 8.13% of participants' gross salaries for July through December 2000. The Library has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

The Library also provides health insurance coverage 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**

Mercer County District Library
Mercer County
303 North Main Street
Celina, OH 45822

To the Board of Trustees:

We have audited the accompanying financial statements of the Mercer County District Library, Mercer County, Ohio (the Library), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated April 12, 2001. 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 no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated April 12, 2001.

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. 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 April 12, 2001.

Mercer County District Library
Mercer County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

April 12, 2001

MERCER COUNTY DISTRICT LIBRARY
MERCER COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i>Explain:</i>
1998-60254-001	Overpayment of payroll.	Yes	Corrected. Overpayment repaid to the Library on June 7, 1999.



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OFFICE OF THE AUDITOR

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MERCER COUNTY DISTRICT 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
MAY 24, 2001**