



**MT. GILEAD PUBLIC LIBRARY  
MORROW COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**



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

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**STATE OF OHIO**



**MT. GILEAD PUBLIC LIBRARY  
MORROW COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Mt. Gilead Public Library  
Morrow County  
41 East High Street  
Mt. Gilead, Ohio 43338

To the Board of Trustees:

We have audited the accompanying financial statements of the Mt. Gilead Public Library, Morrow 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 fund cash balances of the Library as of December 31, 2000 and December 31, 1999, 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 March 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 audit.

This report is intended solely for the information and use of management, the audit committee, 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

March 13, 2001

**MT. GILEAD PUBLIC LIBRARY  
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
DECEMBER 31, 2000**

	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Government Grants-In-Aid	\$351,308	\$0	\$0	\$351,308
Patron Fines and Fees	7,829	0	0	7,829
Earnings on Investments	25,297	21,537	476	47,310
Contributions, Gifts and Donations	5,737	0	0	5,737
Miscellaneous Receipts	51	0	0	51
	<u>390,222</u>	<u>21,537</u>	<u>476</u>	<u>412,235</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	130,038	0	0	130,038
Supplies	6,442	0	0	6,442
Purchased and Contracted Services	44,605	4,852	0	49,457
Library Materials and Information	61,795	0	0	61,795
Other Objects	2,254	0	0	2,254
Capital Outlay	3,027	60,750	0	63,777
	<u>248,161</u>	<u>65,602</u>	<u>0</u>	<u>313,763</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>142,061</u>	<u>(44,065)</u>	<u>476</u>	<u>98,472</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	142,061	(44,065)	476	98,472
Fund Cash Balances, January 1, 2000	<u>356,524</u>	<u>375,059</u>	<u>8,082</u>	<u>739,665</u>
<b>Fund Cash Balances, December 31, 2000</b>	<b><u>\$498,585</u></b>	<b><u>\$330,994</u></b>	<b><u>\$8,558</u></b>	<b><u>\$838,137</u></b>

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

**MT. GILEAD PUBLIC LIBRARY  
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
DECEMBER 31, 1999**

	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Government Grants-In-Aid	\$333,618	\$0	\$0	\$333,618
Patron Fines and Fees	8,499	0	0	8,499
Earnings on Investments	14,173	22,577	377	37,127
Services Provided to Other Entities	900	0	0	900
Contributions, Gifts and Donations	3,655	0	500	4,155
Miscellaneous Receipts	117	0	0	117
	<u>360,962</u>	<u>22,577</u>	<u>877</u>	<u>384,416</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	120,765	0	0	120,765
Supplies	4,332	0	0	4,332
Purchased and Contracted Services	24,914	32,370	0	57,284
Library Materials and Information	26,724	0	0	26,724
Other Objects	1,910	0	0	1,910
Capital Outlay	585	85,077	0	85,662
	<u>179,230</u>	<u>117,447</u>	<u>0</u>	<u>296,677</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>181,732</u>	<u>(94,870)</u>	<u>877</u>	<u>87,739</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	0	0	35	35
Transfers-Out	(35)	0	0	(35)
	<u>(35)</u>	<u>0</u>	<u>35</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	181,697	(94,870)	912	87,739
Fund Cash Balances, January 1, 1999	<u>174,827</u>	<u>469,929</u>	<u>7,170</u>	<u>651,926</u>
<b>Fund Cash Balances, December 31, 1999</b>	<b><u>\$356,524</u></b>	<b><u>\$375,059</u></b>	<b><u>\$8,082</u></b>	<b><u>\$739,665</u></b>

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



**MT. GILEAD PUBLIC LIBRARY  
MORROW COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Mt. Gilead Public Library, Morrow 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 an eight-member Board of Trustees appointed by the Board. 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. 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 Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The Library had the following significant capital projects fund:

Building Fund - This fund is used for the maintenance and upkeep associated with the Library building.

**MT. GILEAD PUBLIC LIBRARY  
MORROW COUNTY**

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

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

**D. Fund Accounting (Continued)**

**3. Fiduciary Funds (Trust Fund)**

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 the following significant fiduciary fund:

Brolier Expendable Trust Fund - This fund receives a portion of the annual interest earned by a trust, as indicated by a probated will. The proceeds and principal may be spent on any needs of the 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 level of control. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and re-appropriated in the subsequent year. The Library did not encumber all commitments required by the Ohio Administrative Code.

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 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.

**MT. GILEAD PUBLIC LIBRARY  
MORROW COUNTY**

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

**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	\$58,025	\$79,488
Certificates of deposit	416,893	206,046
Total deposits	<u>474,918</u>	<u>285,534</u>
STAR Ohio	363,219	454,131
Total investments	<u>363,219</u>	<u>454,131</u>
Total deposits and investments	<u>\$838,137</u>	<u>\$739,665</u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or 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 ended December 31, 2000 and December 31, 1999 follows:

**2000 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$320,000	\$390,222	\$70,222
Capital Projects	15,000	21,537	6,537
Expendable Trust	325	476	151
Total	<u>\$335,325</u>	<u>\$412,235</u>	<u>\$76,910</u>

**MT. GILEAD PUBLIC LIBRARY  
MORROW COUNTY**

**NOTES TO THE GENERAL PURPOSE 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	\$485,500	\$248,161	\$237,339
Capital Projects	329,000	65,602	263,398
Expendable Trust	7,959	0	7,959
Total	<u>\$822,459</u>	<u>\$313,763</u>	<u>\$508,696</u>

**1999 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$290,000	\$360,962	\$70,962
Capital Projects	20,000	22,577	2,577
Expendable Trust	285	912	627
Total	<u>\$310,285</u>	<u>\$384,451</u>	<u>\$74,166</u>

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$293,500	\$179,265	\$114,235
Capital Projects	385,000	117,447	267,553
Total	<u>\$678,500</u>	<u>\$296,712</u>	<u>\$381,788</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.

**MT. GILEAD PUBLIC LIBRARY  
MORROW COUNTY**

**NOTES TO THE GENERAL PURPOSE 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 in 1999 and 10.84% in 2000. 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
- Errors and omissions

**7. BOND LEVY AND LIBRARY CONSTRUCTION**

On November 3, 1998, the electorate of the Mt. Gilead Exempted Village School District voted for a .8 mill property tax levy for a new debt issuance. The bond proceeds were used to build a new library facility for the Mt. Gilead Public Library.

On April 29, 1999, the Mt. Gilead Exempted Village School District issued \$1,400,000 in General Obligation Library Improvements Bonds. The School District is fully responsible for making principal and interest payments on the bonded debt from the tax levy proceeds.

The School District is also responsible for the bookkeeping of the transactions. The District let the bids and awarded the contracts. The District made all payments to the contractors. The new library facility was built on property owned by the Library. The new library facility has been completed. The School District will sign the building over to the Mt. Gilead Public Library by Resolution. The signing has not occurred to date.

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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Mt. Gilead Public Library  
Morrow County  
41 East High Street  
Mt. Gilead, Ohio 43338

To the Board of Trustees:

We have audited the accompanying financial statements of the Mt. Gilead Public Library, Morrow 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 March 13, 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 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 2000-00659-001. We also noted an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated March 13, 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.

Mt. Gilead Public Library  
Morrow County  
Report on Compliance and on Internal  
Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of management, the audit committee 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

March 13, 2001



**MT. GILEAD PUBLIC LIBRARY  
MORROW COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000**

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

**FINDING NUMBER 2000-00659-001**

Ohio Admin. Code Section 117-4-14 states 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 before it is issued. All purchase orders used by a board of library trustees shall be numbered consecutively. The purchase order shall be prepared in triplicate by the purchasing authority. Two copies shall be forwarded to the clerk-treasurer who shall complete both and forward one copy to the vendor. The clerk-treasurer's copy shall be used as a source entry for posting in the appropriation ledger. The third copy shall serve as a receiving report and be returned to the clerk once the item(s) are received and verified. The third copy of the purchase order shall be attached to the voucher along with the invoice.

Forty-two percent of transactions tested did not have a purchase order issued at the time the obligation was incurred. The Library does not issue purchase orders for utility payments.

We recommend that all monies be encumbered via a purchase order, prior to purchasing goods and services. Blanket purchase orders may be used for utility and other similar recurring payments.

Effective January 1, 2001, the Ohio Admin. Code no longer requires libraries to issue purchase orders. However, new Ohio Admin. Code Section 117-2-02(C)( 2) encourages local governments to use purchase orders. Certifying funds will help assure the Library does not overspend its appropriations. Using purchase orders will provide vendors evidence that the Library has preapproved the purchase.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**MT GILEAD PUBLIC LIBRARY**

**MORROW 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 24, 2001**