



**CHILlicothe AND ROSS COUNTY PUBLIC LIBRARY
ROSS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CHILLICOTHE AND ROSS COUNTY PUBLIC LIBRARY
ROSS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Chillicothe and Ross County Public Library
Ross County
140 South Paint Street
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited the accompanying financial statements of the Chillicothe and Ross County Public Library, Ross County, Ohio (the Library) as of and for the years ended December 31, 2001 and December 31, 2000. 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 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 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 reserve for encumbrances of the Library as of December 31, 2001 and December 31, 2000, 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 January 25, 2002 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 audit 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

January 25, 2002

**CHILLICOTHE AND ROSS COUNTY PUBLIC LIBRARY
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Government Grants-In-Aid	\$3,015,233	\$0	\$0	\$3,015,233
Patron Fines and Fees	42,813	0	0	42,813
Earnings on Investments	62,808	0	0	62,808
Contributions, Gifts and Donations	4,054	0	6,976	11,030
Miscellaneous Receipts	9,819	0	0	9,819
	<u>3,134,727</u>	<u>0</u>	<u>6,976</u>	<u>3,141,703</u>
Cash Disbursements:				
Current:				
Employee Fringe Benefits	1,664,672	0	0	1,664,672
Supplies	80,566	0	0	80,566
Purchased and Contracted Services	396,974	0	7,305	404,279
Library Materials and Information	345,491	0	1,294	346,785
Other Objects	8,406	0	0	8,406
Capital Outlay	273,102	23,613	0	296,715
	<u>2,769,211</u>	<u>23,613</u>	<u>8,599</u>	<u>2,801,423</u>
Total Cash Disbursements	<u>2,769,211</u>	<u>23,613</u>	<u>8,599</u>	<u>2,801,423</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>365,516</u>	<u>(23,613)</u>	<u>(1,623)</u>	<u>340,280</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property	588	0	0	588
Transfers-In	0	430,000	0	430,000
Transfers-Out	(430,000)	0	0	(430,000)
	<u>(429,412)</u>	<u>430,000</u>	<u>0</u>	<u>588</u>
Total Other Financing Receipts/(Disbursements)	<u>(429,412)</u>	<u>430,000</u>	<u>0</u>	<u>588</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(63,896)	406,387	(1,623)	340,868
Fund Cash Balances, January 1	350,120	899,209	3,011	1,252,340
Fund Cash Balances, December 31	<u>\$286,224</u>	<u>\$1,305,596</u>	<u>\$1,388</u>	<u>\$1,593,208</u>
Reserve for Encumbrances, December 31	<u>\$56,684</u>	<u>\$0</u>	<u>\$0</u>	<u>\$56,684</u>

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

**CHILLICOTHE AND ROSS COUNTY PUBLIC LIBRARY
ROSS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Receipts:	
Earnings on Investments	\$1,550
Total Operating Cash Receipts	1,550
Operating Cash Disbursements:	
Current:	
Library Materials and Information	802
Total Operating Cash Disbursements	802
Operating Income/(Loss)	748
Fund Cash Balances, January 1	21,779
Fund Cash Balances, December 31	\$22,527
Reserve for Encumbrances, December 31	\$170

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

**CHILLCOTHE AND ROSS COUNTY PUBLIC LIBRARY
ROSS COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Government Grants-In-Aid	\$2,825,930	\$0	\$0	\$2,825,930
Patron Fines and Fees	29,882	0	0	29,882
Earnings on Investments	76,211	0	0	76,211
Contributions, Gifts and Donations	3,067	0	6,840	9,907
Miscellaneous Receipts	9,558	0	0	9,558
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	2,944,648	0	6,840	2,951,488
Cash Disbursements:				
Current:				
Employee Fringe Benefits	1,542,815	0	0	1,542,815
Supplies	82,446	0	0	82,446
Purchased and Contracted Services	471,956	3,451	3,310	478,717
Library Materials and Information	364,898	0	2,501	367,399
Other Objects	8,291	0	0	8,291
Capital Outlay	132,502	65,299	0	197,801
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	2,602,908	68,750	5,811	2,677,469
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	341,740	(68,750)	1,029	274,019
Other Financing Receipts/(Disbursements):				
Transfers-In	0	303,830	0	303,830
Transfers-Out	(303,830)	0	0	(303,830)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(303,830)	303,830	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	37,910	235,080	1,029	274,019
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	312,210	664,129	1,982	978,321
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$350,120	\$899,209	\$3,011	\$1,252,340
Reserve for Encumbrances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$153,071	\$15,411	\$0	\$168,482

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

**CHILLICOTHE AND ROSS COUNTY PUBLIC
ROSS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Receipts:	
Earnings on Investments	\$1,530
Total Operating Cash Receipts	1,530
Operating Cash Disbursements:	
Current:	
Library Materials and Information	\$1,713
Total Operating Cash Disbursements	1,713
Operating Income/(Loss)	(183)
Fund Cash Balances, January 1	21,962
Fund Cash Balances, December 31	\$21,779
Reserve for Encumbrances, December 31	\$228

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

**CHILLICOTHE AND ROSS COUNTY PUBLIC LIBRARY
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Chillicothe and Ross County Public Library, Ross 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 Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Court of Common Pleas of Ross County. 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, except the employee deferred compensation funds that are maintained by outside custodians are not included in these financial statements. These assets are described in Note 7 to the financial statements.

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 included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. The common stock is valued at its fair market value (FMV) at the time of donation. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

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 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).

**CHILLICOTHE AND ROSS COUNTY PUBLIC LIBRARY
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. 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.

E. Budgetary Process

The Ohio Administrative Code requires budgeting for each fund annually.

1. Appropriations

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances may not exceed appropriations at the fund level, the level of control.

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 did require the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

Effective January 1, 2001, the Ohio Administrative Code no longer requires libraries to estimate resources or encumber appropriations. But, as part of the Library's budget process, estimated resources and encumbrances are included.

A summary of 2001 and 2000 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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

**CHILLICOTHE AND ROSS COUNTY PUBLIC LIBRARY
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investment 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:

	2001	2000
Demand deposits	(\$7,013)	(\$43,723)
Certificates of deposit	10,000	10,000
Total deposits	2,987	(33,723)
Escrow Account	0	13,912
Repurchase Agreement	166,680	132,005
STAR Ohio	1,435,568	1,151,425
Common stock (at fair market value when donated, fair value was \$27,200 and \$32,000 at December 31, 2001 and 2000, respectively)	10,500	10,500
Total investments	1,612,748	1,307,842
Total deposits and investments	\$1,615,735	\$1,274,119

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form. The repurchase agreement is collateralized by the financial institution's public entity deposit pool. Donated shares of stock are held in physical form by the Library.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,124,533	\$3,135,315	\$10,782
Capital Projects	0	430,000	430,000
Expendable Trust Fund	6,976	6,976	0
Non-Expendable Trust Fund	1,500	1,550	50
Total	\$3,133,009	\$3,573,841	\$440,832

**CHILLICOTHE AND ROSS COUNTY PUBLIC LIBRARY
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$3,474,658	\$3,255,895	\$218,763
Capital Projects	883,617	23,613	860,004
Expendable Trust Fund	9,987	8,599	1,388
Non-Expendable Trust Fund	2,779	972	1,807
Total	<u>\$4,371,041</u>	<u>\$3,289,079</u>	<u>\$1,081,962</u>

2000 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$2,944,230	\$2,944,648	\$418
Capital Projects	0	303,830	303,830
Expendable Trust	6,840	6,840	0
Non-Expendable Trust	1,400	1,530	130
Total	<u>\$2,952,470</u>	<u>\$3,256,848</u>	<u>\$304,378</u>

2000 Budgeted vs. Actual Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$3,256,440	\$3,059,809	\$196,631
Capital Projects	664,129	84,161	579,968
Expendable Trust Fund	8,822	5,811	3,011
Non-Expendable Trust Fund	3,796	1,941	1,855
Total	<u>\$3,933,187</u>	<u>\$3,151,722</u>	<u>\$781,465</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 based on any additional revenues the Library receives.

**CHILLICOTHE AND ROSS COUNTY PUBLIC LIBRARY
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(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 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 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000. The Library has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

Commercial Insurance

The Chillicothe and Ross County Public Library has obtained commercial insurance for the following risks:

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

The Library also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

7. RELATED ORGANIZATION

Ross County

The Library is statutorily created as a separate and distinct political subdivision of the State. Three Trustees of the Library are appointed by the Ross County Commissioners and four Trustees are appointed by the judges of the Court of Common Pleas. The Library Board of Trustees possesses its own contracting and budgeting authority handles its own personnel actions and does not depend on the County for operational subsidies.

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

Chillicothe and Ross County Public Library
Ross County
140 South Paint Street
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited the accompanying financial statements of the Chillicothe and Ross County Public Library (the Library) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated January 25, 2002. We conducted our audit 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 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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.

Chillicothe and Ross County Public Library
Ross County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely 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

January 25, 2002



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CHILLICOTHE AND ROSS COUNTY PUBLIC LIBRARY

ROSS 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
FEBRUARY 26, 2002**