



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

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

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REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying financial statements of Chillicothe and Ross County Public Library, Ross 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 audits.

We conducted our audits 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 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 Chillicothe and Ross County Public Library, Ross County, Ohio, as of December 31, 1999 and December 31, 1998, 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 March 31, 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, 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

March 31, 2000

**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 SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<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:				
Other Government Grants-In-Aid	\$2,618,968	\$0	\$0	\$2,618,968
Patron Fines and Fees	36,011	0	0	36,011
Earnings on Investments	48,824	0	0	48,824
Contributions, Gifts and Donations	3,467	0	7,323	10,790
Miscellaneous Receipts	1,400	0	0	1,400
Total Cash Receipts	<u>2,708,670</u>	<u>0</u>	<u>7,323</u>	<u>2,715,993</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	1,326,680	0	0	1,326,680
Purchased and Contracted Services	307,812	9,217	4,161	321,190
Other Objects	7,178	0	0	7,178
Library Materials and Information	333,121	0	3,389	336,510
Supplies	71,722	0	0	71,722
Capital Outlay	73,625	383,420	0	457,045
Total Cash Disbursements	<u>2,120,138</u>	<u>392,637</u>	<u>7,550</u>	<u>2,520,325</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>588,532</u>	<u>(392,637)</u>	<u>(227)</u>	<u>195,668</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property	176	0	0	176
Transfers-In	0	462,419	0	462,419
Transfers-Out	(462,419)	0	0	(462,419)
Total Other Financing Receipts/(Disbursements)	<u>(462,243)</u>	<u>462,419</u>	<u>0</u>	<u>176</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>126,289</u>	<u>69,782</u>	<u>(227)</u>	<u>195,844</u>
Fund Cash Balances, January 1, 1999	<u>185,919</u>	<u>594,348</u>	<u>2,209</u>	<u>782,476</u>
Fund Cash Balances, December 31, 1999	<u>\$312,208</u>	<u>\$664,130</u>	<u>\$1,982</u>	<u>\$978,320</u>
Reserves for Encumbrances, December 31, 1999	<u>\$76,491</u>	<u>\$34,040</u>	<u>\$0</u>	<u>\$110,530</u>

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

CHILLICOTHE AND ROSS COUNTY PUBLIC LIBRARY
ROSS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Earnings on Investments	<u>\$1,387</u>
Total Operating Cash Receipts	<u>1,387</u>
Operating Cash Disbursements:	
Library Materials and Information	<u>1,087</u>
Total Operating Cash Disbursements	<u>1,087</u>
Excess of Operating Cash Receipts Over/(Under) Operating Cash Disbursements	300
Fund Cash Balances, January 1, 1999	<u>21,661</u>
Fund Cash Balances, December 31, 1999	<u><u>\$21,961</u></u>
Reserves for Encumbrances, December 31, 1999	<u><u>\$1,376</u></u>

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

**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 SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$69	\$0	\$0	\$69
Other Government Grants-In-Aid	2,354,682	0	0	2,354,682
Patron Fines and Fees	36,842	0	0	36,842
Earnings on Investments	45,732	0	0	45,732
Services Provided to Other Entities	0	0	0	0
Contributions, Gifts and Donations	81,118	0	7,192	88,310
Miscellaneous Receipts	8,579	0	0	8,579
Total Cash Receipts	2,527,022	0	7,192	2,534,214
Cash Disbursements:				
Current:				
Salaries and Benefits	1,214,963	0	0	1,214,963
Purchased and Contracted Services	263,895	28,825	3,303	296,023
Other Objects	6,173	0	0	6,173
Supplies	66,094	0	0	66,094
Library Materials and Information	301,350	0	4,185	305,535
Capital Outlay	50,035	496,476	0	546,511
Total Cash Disbursements	1,902,510	525,301	7,488	2,435,299
Total Cash Receipts Over/(Under) Cash Disbursements	624,512	(525,301)	(296)	98,915
Other Financing Receipts/(Disbursements):				
Transfers-In	0	561,742	0	561,742
Transfers-Out	(562,861)	0	0	(562,861)
Total Other Financing Receipts/(Disbursements)	(562,861)	561,742	0	(1,119)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	61,651	36,441	(296)	97,796
Fund Cash Balances, January 1, 1998	124,268	557,907	2,505	684,680
Fund Cash Balances, December 31, 1998	\$185,919	\$594,348	\$2,209	\$782,476
Reserves for Encumbrances, December 31, 1998	\$39,260	\$207,670	\$662	\$247,592

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

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Nonexpendable Trust
Operating Cash Receipts:	
Contributions, Gifts and Donations	\$682
Total Operating Cash Receipts	682
Operating Cash Disbursements:	
Library Materials and Information	3,214
Total Operating Cash Disbursements	3,214
Excess of Operating Cash Receipts Over/(Under) Operating Cash Disbursements Before Interfund Transfers	(2,532)
Transfers-In	1,118
Net Receipts Over/(Under) Disbursements	(1,414)
Fund Cash Balances, January 1, 1998	23,075
Fund Cash Balances, December 31, 1998	\$21,661
Reserves for Encumbrances, December 31, 1998	\$0

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, 1999 AND 1998**

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 the State of Ohio. The Library is directed by a seven-member Board of Trustees. As described in Note 7 to the financial statements, four Trustees are appointed by the Common Pleas Court Judge and three Trustees are appointed by the County Commissioners. The Library provides general community services, including reference, children's, and outreach activities for the community.

The Library's management believes these financial statements present all activities for which the Library is financially accountable except for the employee deferred compensation funds that are maintained by outside custodians are not included in these financial statements. These assets are described in Note 6 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 reported as assets. 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 investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. Donated shares of stock 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.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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).

3. Fiduciary Funds (Trust 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. The nonexpendable trust fund consists of resources, where only the interest may be expended. Expendable trust consists of resources, including principal and earnings that may be expended.

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 function 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 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.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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>
Deposits:		
Demand deposits	(\$22,935)	(\$2,311)
Certificates of deposit	10,000	10,000
Total deposits	(12,935)	7,689
Investments:		
Stock	10,500	10,500
Repurchase Agreement	186,743	300,823
STAR Ohio	<u>815,973</u>	<u>485,125</u>
Total investments	<u>1,013,216</u>	<u>796,448</u>
Total deposits and investments	<u><u>\$1,000,281</u></u>	<u><u>\$804,137</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, or (3) 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. 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.

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

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

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,707,891	\$2,708,846	\$955
Capital Projects	0	462,419	462,419
Fiduciary	<u>8,710</u>	<u>8,710</u>	<u>0</u>
Total	<u>\$2,716,601</u>	<u>\$3,179,975</u>	<u>\$463,374</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,707,359	\$2,619,788	\$87,571
Capital Projects	386,678	219,007	167,671
Fiduciary	<u>11,108</u>	<u>9,351</u>	<u>1,757</u>
Total	<u>\$3,105,145</u>	<u>\$2,848,146</u>	<u>\$256,999</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,516,634	\$2,527,022	\$10,388
Capital Projects	226,034	561,742	335,708
Fiduciary	<u>8,991</u>	<u>8,992</u>	<u>1</u>
Total	<u>\$2,751,659</u>	<u>\$3,097,756</u>	<u>\$346,097</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,342,439	\$2,489,442	(\$147,003)
Capital Projects	522,279	697,343	(175,064)
Fiduciary	<u>13,369</u>	<u>11,153</u>	<u>2,216</u>
Total	<u>\$2,878,087</u>	<u>\$3,197,938</u>	<u>(\$319,851)</u>

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

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

4. TAX REVENUES

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 intangible tax of LLGSF revenues and its population.

The County Budget Commission allocates these funds to each qualified library board based on the needs of such library for the construction of new library buildings, improvements, operations, maintenance or other expenses. The Budget Commission cannot reduce its allocation of these funds to any library on account of any additional revenues realized by such 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% of participants' gross salaries. The Library has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

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

The Library also provides health insurance and dental and vision 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**

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

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, 1999 and December 31, 1998 and have issued our report thereon dated March 31, 2000. We conducted our audits 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 audits 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 audits, 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. However, we noted a certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated March 31, 2000.

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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, sweeping flourish at the end.

JIM PETRO
Auditor of State

March 31, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CHILLICOTHE 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
JULY 6, 2000**