



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PUTNAM DISTRICT LIBRARY
PUTNAM COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Putnam District Library
Putnam County
525 North Thomas Street
P.O. Box 308
Ottawa, Ohio 45875-0308

To the Board of Trustees:

We have audited the accompanying financial statements of Putnam District Library (the Library) as of and for the years ended December 31, 2001 and 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 reserves for encumbrances of the Library as of December 31, 2001 and 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 June 12, 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 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

June 12, 2002

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**PUTNAM DISTRICT LIBRARY
PUTNAM 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, 2001**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Cash Receipts:			
State Income Taxes	\$1,383,474		
General Property Taxes		\$49,352	
Federal Grants-in-aid	3,672		
State Grants-in-aid		5,328	
Patron Fines and Fees	19,738		
Interest on Investments	43,759	10,509	
Restricted Contributions, Gifts and Donation	17,338		
Miscellaneous Revenue	1,822		
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	1,469,803	65,189	
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Salaries and Benefits	859,583		
Supplies	34,332		
Purchased and Contracted Services	125,904		
Library Materials and Information	192,157		
Other Objects	6,330		
Debt Service:			
Redemption of Principal		65,000	
Interest Payments and Other Financing Fees and Costs		24,303	
Capital Outlay	81,854		\$29,934
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	1,300,160	89,303	29,934
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	169,643	(24,114)	(29,934)
	<hr/>	<hr/>	<hr/>
Other Financing Receipts/(Disbursements):			
Transfers-In			65,000
Transfers-Out	(65,000)		
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(65,000)		65,000
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	104,643	(24,114)	35,066
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	467,839	223,360	195,476
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$572,482</u>	<u>\$199,246</u>	<u>\$230,542</u>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	<u>\$66,011</u>		
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The notes to the financial statements are an integral part of this statement.

<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Expendable Trust</u>	
	\$1,383,474
	49,352
	3,672
	5,328
	19,738
\$10,745	65,013
	17,338
	1,822
<u>10,745</u>	<u>1,545,737</u>
	859,583
	34,332
	125,904
	192,157
	6,330
	65,000
	24,303
	111,788
	<u>1,419,397</u>
<u>10,745</u>	<u>126,340</u>
	65,000
	(65,000)
10,745	126,340
<u>175,567</u>	<u>1,062,242</u>
<u>\$186,312</u>	<u>\$1,188,582</u>
	<u><u>\$66,011</u></u>

**PUTNAM DISTRICT LIBRARY
PUTNAM 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**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Cash Receipts:			
State Income Taxes	\$1,351,683		
General Property Taxes		\$84,544	
Federal Grants-in-aid	2,526		
State Grants-in-aid		9,368	
Patron Fines and Fees	19,394		
Interest on Investments	34,403	12,321	
Restricted Contributions, Gifts and Donation	16,227		
Miscellaneous Revenue	4,855		
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	1,429,088	106,233	
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Salaries and Benefits	805,764		
Supplies	35,240		
Purchased and Contracted Services	102,296		
Library Materials and Information	208,257		
Other Objects	8,774		
Debt Service:			
Redemption of Principal		65,000	
Interest Payments and Other Financing Fees and Costs		29,199	
Capital Outlay			
	<hr/>	<hr/>	<hr/>
	76,586		
	<hr/>	<hr/>	<hr/>
	1,236,917	94,199	
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over Cash Disbursements	192,171	12,034	
	<hr/>	<hr/>	<hr/>
Other Financing Receipts/(Disbursements):			
Transfers-In			\$55,000
Transfers-Out	(55,000)		
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(55,000)		55,000
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	137,171	12,034	55,000
Fund Cash Balances, January 1	330,668	211,326	140,476
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$467,839	\$223,360	\$195,476
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$67,785		
	<hr/>	<hr/>	<hr/>

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

<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Expendable Trust</u>	
	\$1,351,683
	84,544
	2,526
	9,368
	19,394
\$10,137	56,861
	16,227
	4,855
<u>10,137</u>	<u>1,545,458</u>
	805,764
	35,240
	102,296
	208,257
	8,774
	65,000
	29,199
	76,586
	<u>1,331,116</u>
<u>10,137</u>	<u>214,342</u>
	55,000
	<u>(55,000)</u>
10,137	214,342
<u>165,430</u>	<u>847,900</u>
<u>\$175,567</u>	<u>\$1,062,242</u>
	<u>67,785</u>

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**PUTNAM DISTRICT LIBRARY
PUTNAM COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Putnam District Library (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 Putnam County Court of Common Pleas, three members, and the Putnam County Commissioners, four members. 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.

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, Federal Home Loan Notes and Bonds, and U.S. Treasury Notes are valued at cost. STAR Ohio is recorded at share values 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. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Library had the following significant debt service fund:

Bond Retirement Fund – used for the accumulation of resources for retirement of the 1986 Library Improvement Bond Issue.

**PUTNAM DISTRICT LIBRARY
PUTNAM COUNTY**

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

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:

Special Projects Fund – received transfers from the general fund which were used for furniture and equipment purchases.

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 fiduciary fund:

Lila M. Stauffer Trust Fund – Received a bequest for the purpose of landscaping, ground maintenance and expansion.

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 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 requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are not required to estimate resources or encumber appropriations.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**PUTNAM DISTRICT LIBRARY
PUTNAM COUNTY**

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

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:

	2001	2000
Cash on Hand	\$530	\$490
Demand deposits	172,216	54,558
Certificates of deposit	859,050	563,250
Total deposits	1,031,796	618,298
U.S. Treasury Notes	24,906	49,906
FHLB Bond		25,125
FHLB Note		25,000
STAR Ohio	131,880	343,913
Total investments	156,786	443,944
Total deposits and investments	\$1,188,582	\$1,062,242

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. As of December 31, 2000 there were \$74,630 in deposits that were uninsured and uncollateralized.

Investments: U.S. Treasury and agency bonds and notes are held in book-entry form by the Federal Reserve, in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities. 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 ending December 31, 2001 and 2000 follows:

**PUTNAM DISTRICT LIBRARY
PUTNAM COUNTY**

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

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,878,523	\$1,431,171	\$447,352
Debt Service	91,200	89,303	1,897
Capital Projects	77,110	29,934	47,176
Fiduciary	10,000		10,000
Total	<u>\$2,056,833</u>	<u>\$1,550,408</u>	<u>\$506,425</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,328,515	\$1,429,088	\$100,573
Debt Service	102,281	106,233	3,952
Capital Projects		55,000	55,000
Fiduciary	8,000	10,137	2,137
Total	<u>\$1,438,796</u>	<u>\$1,600,458</u>	<u>\$161,662</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,659,183	\$1,359,702	\$299,481
Debt Service	95,950	94,199	1,751
Capital Projects	30,900		30,900
Fiduciary	10,300		10,300
Total	<u>\$1,796,333</u>	<u>\$1,453,901</u>	<u>\$342,432</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 of any additional revenues the Library receives.

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 State Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

**PUTNAM DISTRICT LIBRARY
PUTNAM COUNTY**

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

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. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Library Improvement Bonds	\$310,000	6.13%

Outstanding general obligation bonds consist of Library Improvement issues, issued in 1986 by the Putnam County Commissioners on behalf of the Library. General obligation bonds are payable from tax levies on all taxable property in Putnam County.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Bonds
2002	\$83,988
2003	80,006
2004	71,025
2005	67,350
2006	63,675
Total	\$366,044

6. 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 for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Library has paid all contributions required through December 31, 2001.

**PUTNAM DISTRICT LIBRARY
PUTNAM COUNTY**

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

7. RISK MANAGEMENT

Commercial Insurance

The Putnam District Library has obtained commercial insurance for the following risks:

- Property Coverage;
- General Liability;
- Umbrella General Liability; and
- Auto Coverage.

The Library also provides health and life insurance 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**

Putnam District Library
Putnam County
525 North Thomas Street
P.O. Box 308
Ottawa, Ohio 45875-0308

To the Board of Trustees:

We have audited the accompanying financial statements of Putnam District Library (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 12, 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*. However, we noted a certain immaterial instance of noncompliance that we have reported to the management of the Library in a separate letter dated June 12, 2002.

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.

Putnam District Library
Putnam 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 finance 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". The signature is stylized with a large, sweeping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

June 12, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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PUTNAM DISTRICT LIBRARY

PUTNAM 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 2, 2002**