



**MASON PUBLIC LIBRARY
WARREN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MASON PUBLIC LIBRARY
WARREN COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Mason Public Library
Warren County
200 Reading Road
Mason, Ohio 45040

To the Board of Trustees:

We have audited the accompanying financial statements of the Mason Public Library, Warren County, Ohio (the Library), as of and for the years ended December 31, 2000 and 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 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 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 audits provide a reasonable basis for our opinion.

As described 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 Mason Public Library, Warren County, as of December 31, 2000 and 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 June 26, 2001, on our consideration of the Government'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 Board of Trustees, and other officials authorized to receive this report under Section 117.26, of the 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

June 26, 2001

**MASON PUBLIC LIBRARY
WARREN COUNTY**

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

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:					
Government Grants-In-Aid	1,139,320	50,000	0	0	1,189,320
Patron Fines and Fees	21,614	0	0	0	21,614
Earnings on Investments	53,061	0	2,777	0	55,838
Contributions, Gifts and Donations	2,867	0	17,286	0	20,153
Miscellaneous Receipts	1,617	0	0	0	1,617
Total Cash Receipts	1,218,479	50,000	20,063	0	1,288,542
Cash Disbursements:					
Current:					
Salaries and Benefits	472,711	0	0	0	472,711
Supplies	16,453	0	0	98	16,551
Purchased and Contracted Services	97,678	0	0	0	97,678
Library Materials and Information	110,334	0	0	0	110,334
Other Objects	2,111	0	0	0	2,111
Debt Service:					
Redemption of Principal	0	45,000	0	0	45,000
Interest Payments	0	15,300	0	0	15,300
Capital Outlay	17,841	0	75,527	302	93,670
Total Cash Disbursements	717,128	60,300	75,527	400	853,355
Total Cash Receipts Over/(Under) Cash Disbursements	501,351	(10,300)	(55,464)	(400)	435,187
Other Financing Receipts/(Disbursements):					
Proceeds from Sales of Property	365	0	0	0	365
Transfers-In	0	60,300	303,800	0	364,100
Transfers-Out	(364,100)	0	0	0	(364,100)
Total Other Financing Receipts/(Disbursements)	(363,735)	60,300	303,800	0	365
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	137,616	50,000	248,336	(400)	435,552
Fund Cash Balances, January 1	392,740	0	411,723	1,285	805,748
Fund Cash Balances, December 31	\$530,356	\$50,000	\$660,059	\$885	\$1,241,300
Reserves for Encumbrances, December 31	\$75,739	\$0	\$32,250	\$0	\$107,989

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

**MASON PUBLIC LIBRARY
WARREN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:					
Government Grants-In-Aid	940,683	0	0	0	940,683
Patron Fines and Fees	15,571	0	0	0	15,571
Earnings on Investments	46,061	0	0	0	46,061
Contributions, Gifts and Donations	55,714	0	46,774	0	102,488
Miscellaneous Receipts	9,317	0	0	0	9,317
Total Cash Receipts	1,067,346	0	46,774	0	1,114,120
Cash Disbursements:					
Current:					
Salaries and Benefits	422,153	0	0	0	422,153
Supplies	17,141	0	0	1,027	18,168
Purchased and Contracted Services	99,759	0	0	0	99,759
Library Materials and Information	95,308	0	0	0	95,308
Other Objects	7,025	0	0	0	7,025
Debt Service:					
Redemption of Principal	0	40,000	0	0	40,000
Interest Payments	0	18,900	0	0	18,900
Capital Outlay	69,829	0	620,747	62,526	753,102
Total Cash Disbursements	711,215	58,900	620,747	63,553	1,454,415
Total Cash Receipts Over/(Under) Cash Disbursements	356,131	(58,900)	(573,973)	(63,553)	(340,295)
Other Financing Receipts/(Disbursements):					
Proceeds from Sales of Property	273	0	0	0	273
Transfers-In	0	58,900	333,000	0	391,900
Advance-In	30,000	0	9,000	21,000	60,000
Transfers-Out	(391,900)	0	0	0	(391,900)
Advance-Out	(30,000)	0	(9,000)	(21,000)	(60,000)
Total Other Financing Receipts/(Disbursements)	(391,627)	58,900	333,000	0	273
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(35,496)	0	(240,973)	(63,553)	(340,022)
Fund Cash Balances, January 1	428,236	0	652,696	64,838	1,145,770
Fund Cash Balances, December 31	\$392,740	\$0	\$411,723	\$1,285	\$805,748
Reserves for Encumbrances, December 31	\$43,643	\$0	\$76,571	\$251	\$120,465

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

**MASON PUBLIC LIBRARY
WARREN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Mason Public Library, Warren 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 six-member Board of Trustees appointed by the Mayor of the City of Mason. 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. 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 STAROhio (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. Debt Service Fund

The debt service fund is used to account for the receipts and expenditures for the property and building loans.

**MASON PUBLIC LIBRARY
WARREN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project 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 enterprise or trust funds). The Library had the following significant capital project funds:

Building Fund - This fund is used to record the related receipts and expenditures of the Library's building fund.

Dater Fund - This fund is used to record receipts and expenditures as they relate to the Children's area in the new building.

5. Expendable Trust Funds

Trust funds are used to account for resources restricted by legally binding trust agreements. The Library had the following significant expendable trust funds:

Parkhill Trust - Used to record the receipts and expenditures of the Parkhill Trust.

Pat Griffen Trust - Used to record the receipts and expenditures of the Pat Griffen Trust.

E. Budgetary Process

The Ohio Administrative Code requires that each fund be budgeted annually.

1. Appropriations

On or about the first day of each year, the Board of Trustees pass an appropriation measure which can be amended during the year. Expenditures and encumbrances may not exceed appropriations.

2. Estimated Resources

On or about the first day of each year, the Board of Trustees accepts, by formal resolution, the total amount from all sources available for expenditure from each fund in the tax budget, with any balances that existed at the end of the preceding year. Upon determination by the Clerk-Treasurer that the revenue collected by the Board will be greater or less than the amount included in the official certificate, the Clerk-Treasurer certifies the amount of the excess or deficiency to the budget commission.

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 2000 and 1999 budgetary activity appears in Note 3.

**MASON PUBLIC LIBRARY
WARREN 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 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>
Petty Cash	\$50	\$50
Demand deposits	344,920	247,751
Savings Account	202	542
Certificates of deposit	<u>200,000</u>	<u>0</u>
Total deposits and petty cash	<u>545,172</u>	<u>248,343</u>
STAROhio	<u>696,128</u>	<u>557,405</u>
Total investments	<u>696,128</u>	<u>557,405</u>
Total deposits and investments	<u><u>\$1,241,300</u></u>	<u><u>\$805,748</u></u>

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 STAROhio are not evidenced by securities that exist in physical or book-entry form.

Petty Cash: The Library keeps a petty cash fund of fifty dollars (\$50) which is recorded on the Library's books.

**MASON PUBLIC LIBRARY
WARREN COUNTY**

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

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,148,789	\$1,218,844	\$70,055
Debt Service	60,300	110,300	50,000
Capital Projects	112,600	323,863	211,263
Fiduciary	0	0	0
Total	<u>\$1,321,689</u>	<u>\$1,653,007</u>	<u>\$331,318</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,299,520	\$1,156,967	\$142,553
Debt Service	60,300	60,300	0
Capital Projects	307,571	107,777	199,794
Fiduciary	1,233	400	833
Total	<u>\$1,668,624</u>	<u>\$1,325,444</u>	<u>\$343,180</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,011,178	\$1,067,619	\$56,441
Debt Service	0	58,900	58,900
Capital Projects	259,000	379,774	120,774
Fiduciary	0	0	0
Total	<u>\$1,270,178</u>	<u>\$1,506,293</u>	<u>\$236,115</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,196,785	\$1,146,758	\$50,027
Debt Service	58,900	58,900	0
Capital Projects	691,695	697,318	(5,623)
Fiduciary	64,888	63,804	1,084
Total	<u>\$2,012,268</u>	<u>\$1,966,780</u>	<u>\$45,488</u>

In 1999, expenditures exceeded appropriations in the Capital Project fund.

**MASON PUBLIC LIBRARY
WARREN COUNTY**

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

4. PRIMARY SOURCE OF REVENUE

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.

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Library Property	\$95,000	9%
Library Building	30,000	9%
Total	\$125,000	

The above debt agreements were entered into in 1991 for the conveyance of land and improvements from the City of Mason to the Mason Public Library Trustees.

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

Year ending December 31:	Property Loan	Building Loan	Totals
2001	12,700	38,550	51,250
2002	11,800	40,850	52,650
2003	10,900	32,700	43,600
Total	\$35,400	\$112,100	\$147,500

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 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.

**MASON PUBLIC LIBRARY
WARREN COUNTY**

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

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 and dental and vision coverage to full-time employees through a private carrier.



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

Mason Public Library
Warren County
200 Reading Road
Mason, Ohio 45040

To the Board of Trustees:

We have audited the accompanying financial statements of the Mason Public Library, Warren County, Ohio (the Library), as of and for the year ended December 31, 2000 and 1999, and have issued our report thereon dated June 26, 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 the 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 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 June 26, 2001.

Mason Public Library
Warren County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

This report is intended for the use of management 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

June 26, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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MASON PUBLIC LIBRARY

WARREN 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 19, 2001**