



**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Perry Cook Memorial Library
Morrow County
P.O. Box 214
Shauck, Ohio 43349

To the Board of Trustees:

We have audited the accompanying financial statements of the Perry Cook Memorial 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 combined fund cash balances of the Library as of December 31, 2000 and December 31, 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 May 18, 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 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

May 18, 2001

**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY**

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

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts:			
Grants in Aid	\$275,574	\$0	\$275,574
Patron Fines and Fees	3,698	0	3,698
Earnings on Investments	755	31,513	32,268
 Total Cash Receipts	 280,027	 31,513	 311,540
Cash Disbursements:			
Current:			
Salaries and Benefits	82,975	0	82,975
Supplies	5,790	0	5,790
Purchased and Contracted Services	20,806	0	20,806
Library Materials & Information	35,371	0	35,371
Other Objects	882	0	882
Capital Outlay	1,176	0	1,176
 Total Cash Disbursements	 147,000	 0	 147,000
 Total Cash Receipts Over Cash Disbursements	 133,027	 31,513	 164,540
 Fund Cash Balances, January 1, 2000	 12,081	 641,370	 653,451
 Fund Cash Balances, December 31, 2000	 \$145,108	 \$672,883	 \$817,991

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

PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
DECEMBER 31, 2000

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Earnings on Investments	<u>\$277</u>
Total Operating Cash Receipts	<u>277</u>
Net Receipts Over Disbursements	277
Fund Cash Balance, January 1, 2000	<u>5,276</u>
Fund Cash Balance, December 31, 2000	<u><u>\$5,553</u></u>

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

**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY**

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

	<u>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Grants in Aid	\$261,425	\$0	\$261,425
Patron Fines and Fees	3,155	0	3,155
Earnings on Investments	1,760	24,660	26,420
	<u>266,340</u>	<u>24,660</u>	<u>291,000</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	77,282	0	77,282
Supplies	4,179	0	4,179
Purchased and Contracted Services	17,552	0	17,552
Library Materials & Information	28,904	0	28,904
Other Objects	775	0	775
Capital Outlay	7,618	0	7,618
	<u>136,310</u>	<u>0</u>	<u>136,310</u>
Total Cash Receipts Over Cash Disbursements	<u>130,030</u>	<u>24,660</u>	<u>154,690</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		129,380	129,380
Transfers-Out	(129,380)		(129,380)
	<u>(129,380)</u>	<u>129,380</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
	<u>(129,380)</u>	<u>129,380</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements			
	650	154,040	154,690
Fund Cash Balances, January 1, 1999	<u>11,431</u>	<u>487,330</u>	<u>498,761</u>
Fund Cash Balances, December 31, 1999	<u>\$12,081</u>	<u>\$641,370</u>	<u>\$653,451</u>

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

**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
DECEMBER 31, 1999**

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Earnings on Investments	<u>\$276</u>
Total Operating Cash Receipts	<u>276</u>
Net Receipts Over Disbursements	276
Fund Cash Balance, January 1, 1999	<u>5,000</u>
Fund Cash Balance, December 31, 1999	<u><u>\$5,276</u></u>

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

**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Perry Cook Memorial Library, Morrow County, Ohio, (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. 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 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 enterprise or trust funds). The Library had the following Capital Projects Fund:

Building Fund - Receives transfers from the General Fund and interest revenue. The proceeds are being used to improve and expand the existing building.

**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY**

**NOTES TO THE 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:

Belle Cook Nonexpendable Trust Fund - The fund receives interest earned on a certificate of deposit. The interest proceeds may be spent on any library needs. The corpus balance of this fund must remain at an amount of \$5,000.

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, function, and object 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 reappropriated 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.

**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY**

**NOTES TO THE 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 except the nonexpendable trust fund which maintains a separate certificate of deposit. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of all cash and investments at December 31 follows:

	<u>2000</u>	<u>1999</u>
Deposits	\$241,245	\$653,727
Certificates of deposit	<u>80,000</u>	<u>5,000</u>
Total deposits	<u>321,245</u>	<u>658,727</u>
STAR Ohio	<u>502,299</u>	<u>0</u>
Total investments	<u>502,299</u>	<u>0</u>
Total deposits and investments	<u><u>\$823,544</u></u>	<u><u>\$658,727</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 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	\$265,110	\$280,027	\$14,917
Capital Projects	25,000	31,513	6,513
Nonexpendable Trust	<u>0</u>	<u>277</u>	<u>277</u>
Total	<u><u>\$290,110</u></u>	<u><u>\$311,817</u></u>	<u><u>\$21,707</u></u>

**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY**

**NOTES TO THE 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	\$276,110	\$147,000	\$129,110
Capital Projects	0	0	0
Total	<u>\$276,110</u>	<u>\$147,000</u>	<u>\$129,110</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$245,807	\$266,340	\$20,533
Capital Projects	0	154,040	154,040
Nonexpendable Trust	0	276	276
Total	<u>\$245,807</u>	<u>\$420,656</u>	<u>\$174,849</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$271,000	\$265,690	\$5,310
Capital Projects	45,000	0	45,000
Total	<u>\$316,000</u>	<u>\$265,690</u>	<u>\$50,310</u>

4. GRANTS-IN-AID

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.

**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY**

**NOTES TO THE 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 10.84% for 2000 and 13.55% for 1999 of participants' gross salaries. 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

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

Perry Cook Memorial Library
Morrow County
P.O. Box 214
Shauck, Ohio 43349

To the Board of Trustees:

We have audited the accompanying financial statements of the Perry Cook Memorial 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 May 18, 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 an 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 a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated May 18, 2001.

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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated May 18, 2001.

Perry Cook Memorial Library
Morrow County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and 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

May 18, 2001

**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-00659-001

Noncompliance Citation

Ohio Admin. Code Section 117-4-14 requires that each library Board of Trustees shall execute a purchase order when offering to buy goods or services. The amount of each purchase order shall be encumbered as set forth in rule 117-4-07 of the Administrative Code before it is issued.

The Library expended funds without encumbering when offering to buy goods or services in 57% of expenditure transactions tested in 2000 and 1999. Failure to encumber expenditures at the time of the order or contract may result in expenditures exceeding appropriations.

As of the date of this report, Ohio Admin. Code Sections 117-4-14 and 117-4-07 have been repealed and Ohio Admin. Section 117-2-02(C)(2) indicates that purchase orders should be used.

We recommend the Clerk/Treasurer encumber funds at the time of issuing purchase orders.



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PERRY COOK MEMORIAL 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
JUNE 28, 2001**