



**BLANCHESTER PUBLIC LIBRARY
CLINTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BLANCHESTER PUBLIC LIBRARY
CLINTON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Blanchester Public Library
Clinton County
110 North Broadway Street
Blanchester, Ohio 45107

To the Board of Trustees:

We have audited the accompanying financial statements of the Blanchester Public Library, Clinton County, Ohio (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 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 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 February 11, 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 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

February 11, 2002

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**BLANCHESTER PUBLIC LIBRARY
CLINTON COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$539,889	\$78,704	\$0	\$618,593
Other Government Grants-In-Aid	0	6,809	0	6,809
Patron Fines and Fees	10,516	0	0	10,516
Earnings on Investments	4,175	0	3,269	7,444
Services Provided to Other Entities	80	0	0	80
Contributions, Gifts and Donations	2,289	0	0	2,289
Miscellaneous Receipts	7,300	0	0	7,300
Total Cash Receipts	<u>564,249</u>	<u>85,513</u>	<u>3,269</u>	<u>653,031</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	270,901	99,850	0	370,751
Purchased and Contracted Services	78,541	1,360	0	79,901
Supplies	26,619	0	0	26,619
Library Materials and Information	95,640	0	0	95,640
Other Objects	2,599	0	0	2,599
Capital Outlay	77,323	3,561	35,500	116,384
Total Cash Disbursements	<u>551,623</u>	<u>104,771</u>	<u>35,500</u>	<u>691,894</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>12,626</u>	<u>(19,258)</u>	<u>(32,231)</u>	<u>(38,863)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	0	50,000	50,000
Transfers-Out	(50,000)	0	0	(50,000)
Total Other Financing Receipts/(Disbursements)	<u>(50,000)</u>	<u>0</u>	<u>50,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(37,374)</u>	<u>(19,258)</u>	<u>17,769</u>	<u>(38,863)</u>
Fund Cash Balances, January 1	<u>175,412</u>	<u>36,824</u>	<u>87,259</u>	<u>299,495</u>
Fund Cash Balances, December 31	<u>\$138,038</u>	<u>\$17,566</u>	<u>\$105,028</u>	<u>\$260,632</u>
Reserves for Encumbrances, December 31	<u>\$14,987</u>	<u>\$0</u>	<u>\$0</u>	<u>\$14,987</u>

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

**BLANCHESTER PUBLIC LIBRARY
CLINTON COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$527,382	\$82,767	\$0	\$610,149
Other Government Grants-In-Aid		22,473	0	22,473
Patron Fines and Fees	12,185	0	0	12,185
Earnings on Investments	4,757	0	3,326	8,083
Services Provided to Other Entities	80	0	0	80
Contributions, Gifts and Donations	3,270	0	0	3,270
Miscellaneous Receipts	908	0	0	908
	<u>548,582</u>	<u>105,240</u>	<u>3,326</u>	<u>657,148</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries and Benefits	256,569	73,680	0	330,249
Purchased and Contracted Services	54,620	29,672	0	84,292
Supplies	22,107	2,714	0	24,821
Library Materials and Information	108,974	2,921	0	111,895
Other Objects	2,050	0	0	2,050
Capital Outlay	29,949	8,579	0	38,528
	<u>474,269</u>	<u>117,566</u>	<u>0</u>	<u>591,835</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>74,313</u>	<u>(12,326)</u>	<u>3,326</u>	<u>65,313</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	0	20,000	20,000
Transfers-Out	(20,000)	0	0	(20,000)
	<u>(20,000)</u>	<u>0</u>	<u>20,000</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>54,313</u>	<u>(12,326)</u>	<u>23,326</u>	<u>65,313</u>
Fund Cash Balances, January 1	<u>121,099</u>	<u>49,150</u>	<u>63,932</u>	<u>234,181</u>
Fund Cash Balances, December 31	<u>\$175,412</u>	<u>\$36,824</u>	<u>\$87,258</u>	<u>\$299,494</u>
Reserves for Encumbrances, December 31	<u>\$15,540</u>	<u>\$0</u>	<u>\$0</u>	<u>\$15,540</u>

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

**BLANCHESTER PUBLIC LIBRARY
CLINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Blanchester Public Library, Clinton 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 appointed by the Blanchester Local School Board. 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

The Library funds are deposited in public funds checking account and invested in certificates of deposits with local depositories. The Library pools its cash for deposit purposes to obtain the highest rate of interest. Interest is distributed based on Ohio Statutes

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.

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. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Funds:

**BLANCHESTER PUBLIC LIBRARY
CLINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Levy Fund - This fund is used to record receipts and disbursements associated with a tax levy.

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 funds:

Building Funds - Used to record the receipts and expenditures associated with the Library's building repairs.

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. 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.

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.

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.

**BLANCHESTER PUBLIC LIBRARY
CLINTON COUNTY**

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

The Library maintains a cash and deposit pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and deposits at December 31 follows:

	<u>2001</u>	<u>2000</u>
Demand deposits	\$160,752	\$251,679
Certificates of Deposit	99,805	47,740
Petty cash/change funds	<u>75</u>	<u>75</u>
Total deposits	<u>\$260,632</u>	<u>\$299,494</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.

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$542,372	\$564,249	\$21,877
Special Revenue	80,110	85,513	5,403
Capital Projects	<u>51,500</u>	<u>53,269</u>	<u>1,769</u>
Total	<u>\$673,982</u>	<u>\$703,031</u>	<u>\$29,049</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$735,844	\$616,610	\$119,234
Special Revenue	116,934	104,771	12,163
Capital Projects	<u>138,758</u>	<u>35,500</u>	<u>103,258</u>
Total	<u>\$991,536</u>	<u>\$756,881</u>	<u>\$234,655</u>

**BLANCHESTER PUBLIC LIBRARY
CLINTON COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$511,315	\$548,582	\$37,267
Special Revenue	80,331	105,240	24,909
Capital Projects	20,956	23,326	2,370
Total	\$612,602	\$677,148	\$64,546

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$632,414	\$509,809	\$122,605
Special Revenue	129,482	117,566	11,916
Capital Projects	84,888	0	84,888
Total	\$846,784	\$627,375	\$219,409

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 on account of any additional revenues realized by the Library.

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 Other Governments 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.

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.

**BLANCHESTER PUBLIC LIBRARY
CLINTON 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 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 through June 30, 2000. PERS temporarily reduced the employer's contribution rate to 8.13% effective July 1, 2000. The Library has paid all contributions required through December 31, 2001.

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**

Blanchester Public Library
Clinton County
110 North Broadway Street
Blanchester, Ohio 45107

To the Board of Trustees:

We have audited the accompanying financial statements of the Blanchester Public Library, Clinton County, Ohio (the Library), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated February 11, 2002. 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 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 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 February 11, 2002.

This report is intended for the information and use of the 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

February 11, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

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BLANCHESTER PUBLIC LIBRARY

CLINTON 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
APRIL 2, 2002**