



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CARDINGTON SCHOOL DISTRICT PUBLIC LIBRARY
MORROW COUNTY**

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**STATE OF OHIO
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REPORT OF INDEPENDENT ACCOUNTANTS

Cardington School District Public Library
Morrow County
128 East Main Street
Cardington, Ohio 43315

To the Board of Trustees:

We have audited the accompanying financial statements of the Cardington School District Public Library, Morrow County, Ohio, (the Library) as of and for the years ended December 31, 2001 and December 31, 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 statement referred to above present fairly, in all material respects, the cash balances and reserves for encumbrances of the Library as of December 31, 2001, and December 31, 2000, and its 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 17, 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 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.

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

JIM PETRO
Auditor of State

May 17, 2002

**CARDINGTON SCHOOL DISTRICT LIBRARY
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2001 AND DECEMBER 31, 2000**

	2001	2000
Cash Receipts:		
Property and Other Local Taxes	\$296,729	\$264,502
Patron Fines and Fees	4,521	5,093
Earnings on Investments	15,914	14,399
Contributions, Gifts and Donations	330	381
Miscellaneous Receipts	4,817	2,944
Total Cash Receipts	322,311	287,319
Cash Disbursements:		
Current:		
Salaries and Benefits	109,038	97,422
Supplies	8,086	3,658
Purchased and Contracted Services	23,523	19,382
Library Materials and Information	27,001	22,584
Other Objects	2,959	1,271
Capital Outlay	3,400	201,291
Total Cash Disbursements	174,007	345,608
Total Cash Receipts Over/(Under) Cash Disbursements	148,304	(58,289)
Cash Balances, January 1	251,833	310,122
Cash Balances, December 31	\$400,137	\$251,833
Reserves for Encumbrances, December 31	\$0	\$58,373

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

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**CARDINGTON SCHOOL DISTRICT PUBLIC LIBRARY
MORROW COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Cardington School District Public Library, Morrow 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 Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Board of Education of the School District. 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 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 recorded at cost. Money market mutual funds are recorded at share values reported by the mutual fund.

D. 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 function level of control.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**CARDINGTON SCHOOL DISTRICT PUBLIC LIBRARY
MORROW COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

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.

E. 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.

F. 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 CASH AND INVESTMENTS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2001</u>	<u>2000</u>
Demand Deposits	\$34,533	\$29,630
Certificates of Deposit	365,604	222,203
Total Deposits	<u>\$400,137</u>	<u>\$251,833</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.

**CARDINGTON SCHOOL DISTRICT PUBLIC LIBRARY
MORROW COUNTY**

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

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts

Budgeted Receipts	Actual Receipts	Variance
218,415	322,311	103,896

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Appropriation Authority	Budgetary Expenditures	Variance
477,100	174,007	303,093

2000 Budgeted vs. Actual Receipts

Budgeted Receipts	Actual Receipts	Variance
317,400	287,319	(30,081)

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Appropriation Authority	Budgetary Expenditures	Variance
419,262	403,981	15,281

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 based on of any additional revenues the Library receives.

5. LIBRARY RENOVATION / SUBSEQUENT EVENTS

At December 31, 2001, the Library has hired architects for the proposed remodeling of the Library. No contracts have been awarded. As of April 24, 2002, the estimated cost of the project for Phase 1 and 2 is \$314,222. The Library has not decided whether to proceed with Phase 3 of the project. The estimated cost of Phase 3 is \$206,443.

**CARDINGTON SCHOOL DISTRICT PUBLIC LIBRARY
MORROW COUNTY**

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

6. LEASES

The Library entered into a five year lease agreement in 2001 for the lease of building space. Under the lease agreement the Library receives \$275 per month.

7. RETIREMENT SYSTEM

The Library's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. For 2001 and 2000, 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.

8. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Crime



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

Cardington School District Public Library
Morrow County
128 East Main Street
Cardington, Ohio 43315

To the Board of Trustees:

We have audited the accompanying financial statements of Cardington School District Public Library, Morrow County, (the Library), as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated May 17, 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 immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated May 17, 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. However, we noted certain 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 17, 2002.

Cardington School District Public Library
Morrow 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 management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

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JIM PETRO
Auditor of State

May 17, 2002



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CARDINGTON LINCOLN SCHOOL DISTRICT PUBLIC 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
AUGUST 6, 2002**