



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CLYDE PUBLIC LIBRARY
SANDUSKY COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Clyde Public Library
Sandusky County
222 West Buckeye Street
Clyde, Ohio 43410-1936

To the Board of Trustees:

We have audited the accompanying financial statements of Clyde Public 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 April 19, 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 audit 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", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

April 19, 2002

**CLYDE PUBLIC LIBRARY
SANDUSKY 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>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$562,759			\$562,759
Other Government Grants-In-Aid	15,820			15,820
Patron Fines and Fees	14,637			14,637
Earnings on Investments	7,067		\$376	7,443
Contributions, Gifts and Donations	7,041		5,937	12,978
Miscellaneous Receipts	1,993			1,993
	<u>609,317</u>		<u>6,313</u>	<u>615,630</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	229,591			229,591
Supplies	14,318			14,318
Purchased and Contracted Services	57,979			57,979
Library Materials and Information	88,556		1,132	89,688
Other Objects	9,363			9,363
Debt Service:				
Redemption of Principal		\$875,894		875,894
Interest Payments and Other Financing Fees and Costs		59,033		59,033
Capital Outlay	12,477			12,477
	<u>412,284</u>	<u>934,927</u>	<u>1,132</u>	<u>1,348,343</u>
Total Cash Disbursements				
	<u>412,284</u>	<u>934,927</u>	<u>1,132</u>	<u>1,348,343</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>197,033</u>	<u>(934,927)</u>	<u>5,181</u>	<u>(732,713)</u>
Other Financing Receipts/(Disbursements):				
Proceeds of Notes		775,000		775,000
Transfers-In		159,927		159,927
Transfers-Out	(159,927)			(159,927)
	<u>(159,927)</u>	<u>934,927</u>		<u>775,000</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(159,927)</u>	<u>934,927</u>		<u>775,000</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	37,106		5,181	42,287
Fund Cash Balances, January 1	221,248		20,282	241,530
	<u>221,248</u>		<u>20,282</u>	<u>241,530</u>
Fund Cash Balances, December 31	<u>\$258,354</u>		<u>\$25,463</u>	<u>\$283,817</u>
Reserves for Encumbrances, December 31	<u>\$7,376</u>		<u>\$150</u>	<u>\$7,526</u>

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

**CLYDE PUBLIC LIBRARY
SANDUSKY COUNTY**

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

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Disbursements:	
Current:	
Library Materials and Information	\$3,414
Other Objects	26
	3,440
Total Operating Cash Disbursements	3,440
Operating Loss	(3,440)
Non-Operating Cash Receipts:	
Earnings on Investments	6,581
	6,581
Net Receipts Over Disbursements	3,141
Cash Balances, January 1	124,787
Cash Balances, December 31	\$127,928
Reserves for Encumbrances, December 31	\$5,787

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

**CLYDE PUBLIC LIBRARY
SANDUSKY 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>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property and Other Local Taxes	\$553,128				\$553,128
Other Government Grants-In-Aid	15,760				15,760
Patron Fines and Fees	13,930				13,930
Earnings on Investments	7,154			\$704	7,858
Contributions, Gifts and Donations	6,356			5,204	11,560
Miscellaneous Receipts	690				690
Total Cash Receipts	<u>597,018</u>			<u>5,908</u>	<u>602,926</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	227,644				227,644
Supplies	13,276				13,276
Purchased and Contracted Services	55,066				55,066
Library Materials and Information	70,271			1,210	71,481
Other Objects	10,412				10,412
Debt Service:					
Redemption of Principal		\$160,810			160,810
Interest Payments and Other Financing Fees and Costs		60,118			60,118
Capital Outlay	20,158		\$565	1,341	22,064
Total Cash Disbursements	<u>396,827</u>	<u>220,928</u>	<u>565</u>	<u>2,551</u>	<u>620,871</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>200,191</u>	<u>(220,928)</u>	<u>(565)</u>	<u>3,357</u>	<u>(17,945)</u>
Other Financing Receipts/(Disbursements):					
Transfers-In		220,928			220,928
Transfers-Out	(220,928)				(220,928)
Total Other Financing Receipts/(Disbursements)	<u>(220,928)</u>	<u>220,928</u>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(20,737)		(565)	3,357	(17,945)
Fund Cash Balances, January 1	241,985		565	16,925	259,475
Fund Cash Balances, December 31	<u>\$221,248</u>			<u>\$20,282</u>	<u>\$241,530</u>
Reserves for Encumbrances, December 31	<u>\$22,490</u>				<u>\$22,490</u>

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

**CLYDE PUBLIC LIBRARY
SANDUSKY COUNTY**

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

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Disbursements:	
Current:	
Supplies	\$25
Library Materials and Information	5,278
Total Operating Cash Disbursements	5,303
Operating Loss	(5,303)
Non-Operating Cash Receipts:	
Earnings on Investments	6,862
Net Receipts Over Disbursements	1,559
Cash Balances, January 1	123,228
Cash Balances, December 31	\$124,787
Reserves for Encumbrances, December 31	

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

**CLYDE PUBLIC LIBRARY
SANDUSKY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Clyde Public Library, Sandusky 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 Clyde-Green Springs Board of Education. 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.

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 Debt Retirement Fund records the revenue and expenditures for the loan that was taken out in 1995 to expand the Library.

**CLYDE PUBLIC LIBRARY
SANDUSKY 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:

The Building Fund is used to record revenue and expenditures for the expansion of the Library.

4. Fiduciary Funds (Trust 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. The Library had the following significant fiduciary funds:

The Hurd Trust is an expendable trust which can only be used for books about the history of Clyde and Sandusky County.

The Suggitt Trust is a nonexpendable trust which can only be used for nonfiction books such as biographies.

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, function, and object 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.

**CLYDE PUBLIC LIBRARY
SANDUSKY 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 investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 follows:

	2001	2000
Demand deposits	\$159,472	\$189,044
Certificates of deposit	252,273	177,273
Total deposits and investments	\$411,745	\$366,317

Deposits are either insured by the Federal Depository Insurance Corporation, or 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 Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$743,418	\$579,587	\$163,831
Debt Service	220,928	934,927	(713,999)
Fiduciary	55,261	13,650	41,611
Total	\$1,019,607	\$1,528,164	(\$508,557)

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$579,435	\$597,018	\$17,583
Debt Service	220,928	220,928	
Fiduciary	12,650	12,770	120
Total	\$813,013	\$830,716	\$17,703

**CLYDE PUBLIC LIBRARY
SANDUSKY COUNTY**

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

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$724,938	\$640,245	\$84,693
Debt Service	220,928	220,928	
Capital Projects	565	565	
Fiduciary	40,626	7,854	32,772
Total	\$987,057	\$869,592	\$117,465

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Debt Retirement fund by \$713,999 for the year ended December 31, 2001.

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 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.

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
General Obligation Note	\$775,000	5.2%

**CLYDE PUBLIC LIBRARY
SANDUSKY COUNTY**

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

The General Obligation Note relate to the loan taken out in 1995 to expand the Library. In November, 2001, the Board refinanced the note for a lower interest. The note will be repaid in semi-annual installments over the next ten years.

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

<u>Year ending December 31:</u>	<u>General Obligation Notes</u>
2002	\$100,468
2003	100,468
2004	100,468
2005	100,468
2006	100,468
2007 – 2011	<u>501,075</u>
Total	<u>\$1,003,415</u>

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

7. RISK MANAGEMENT

Commercial Insurance

The Clyde Public Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Errors and omissions.

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

Clyde Public Library
Sandusky County
222 West Buckeye Street
Clyde, Ohio 43410-1936

To the Board of Trustees:

We have audited the accompanying financial statements of Clyde Public Library (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 19, 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 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 2001-00172-001.

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.

Clyde Public Library
Sandusky 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 audit committee, management and Board of Trustees, and is not intended to be and should not be used by anyone other than these specified

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

April 19, 2002

**CLYDE PUBLIC LIBRARY
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2001-00172-001

Noncompliance Citation

Ohio Administrative Code § 117-8-02 states a library's legislative body shall adopt appropriation measures. These measures establish the legal level of control. The legal level of control is the level at which spending in excess of budgeted amounts would be a violation. For the year ended December 31, 2001, the Debt Retirement Fund had appropriations of \$220,928 and expenditures of \$934,927. Expenditures exceeded appropriations by \$713,999.



STATE OF OHIO
OFFICE OF THE AUDITOR

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CLYDE PUBLIC LIBRARY

SANDUSKY 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
MAY 21, 2002**