



**RICHWOOD-NORTH UNION PUBLIC LIBRARY  
UNION COUNTY**

**REGULAR AUDIT**

**FOR YEARS ENDED DECEMBER 31, 2001 - 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**RICHWOOD-NORTH UNION PUBLIC LIBRARY  
UNION COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Richwood-North Union Public Library  
Union County  
4 East Ottawa Street  
Richwood, Ohio 43344

To the Board of Trustees:

We have audited the accompanying financial statements of the Richwood-North Union Public Library, Union 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 statements referred to above present fairly, in all material respects, the fund cash balances and reserve for encumbrances of the Richwood-North Union Public 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 February 15, 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.

**JIM PETRO**  
Auditor of State

February 15, 2002

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**RICHWOOD-NORTH UNION PUBLIC LIBRARY  
UNION COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>			
Grants-In-Aid	\$421,826	\$0	\$421,826
Patron Fines and Fees	6,956		6,956
Earnings on Investments	19,428		19,428
Contributions, Gifts and Donations	200		200
Miscellaneous Receipts	2,033		2,033
	<hr/>		<hr/>
Total Cash Receipts	450,443	0	450,443
	<hr/>		<hr/>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	157,487		157,487
Supplies	8,689		8,689
Purchased and Contracted Services	67,199		67,199
Library Materials and Information	70,919		70,919
Miscellaneous	2,225		2,225
Capital Outlay	25,616		25,616
	<hr/>		<hr/>
Total Cash Disbursements	332,135	0	332,135
	<hr/>		<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	118,308	0	118,308
	<hr/>		<hr/>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	0	125,000	125,000
Transfers-Out	(125,000)	0	(125,000)
	<hr/>		<hr/>
Total Other Financing Receipts/(Disbursements)	(125,000)	125,000	0
	<hr/>		<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(6,692)	125,000	118,308
	<hr/>		<hr/>
Fund Cash Balances, January 1	133,820	350,000	483,820
	<hr/>		<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$127,128</b>	<b>\$475,000</b>	<b>\$602,128</b>
	<hr/>		<hr/>
Reserve for Encumbrances, December 31	\$2,387	\$0	\$2,387
	<hr/>		<hr/>

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

**RICHWOOD-NORTH UNION PUBLIC LIBRARY  
UNION COUNTY**

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

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Capital Projects</b>	
<b>Cash Receipts:</b>			
Grants-In-Aid	\$408,093	\$0	\$408,093
Patron Fines and Fees	7,364		7,364
Earnings on Investments	21,742		21,742
Contributions, Gifts and Donations	100		100
Miscellaneous Receipts	7,417		7,417
 Total Cash Receipts	 444,716	 0	 444,716
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	149,246		149,246
Supplies	4,945		4,945
Purchased and Contracted Services	26,554		26,554
Library Materials and Information	65,076		65,076
Miscellaneous	4,344		4,344
Capital Outlay	2,708		2,708
 Total Cash Disbursements	 252,873	 0	 252,873
 Total Cash Receipts Over/(Under) Cash Disbursements	 191,843	 0	 191,843
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		150,000	150,000
Transfers-Out	(150,000)		(150,000)
 Total Other Financing Receipts/(Disbursements)	 (150,000)	 150,000	 0
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 41,843	 150,000	 191,843
 Fund Cash Balances, January 1	 91,977	 200,000	 291,977
<b>Fund Cash Balances, December 31</b>	<b>\$133,820</b>	<b>\$350,000</b>	<b>\$483,820</b>
 Reserve for Encumbrances, December 31	 \$12,157	 \$0	 \$12,157

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



**RICHWOOD-NORTH UNION PUBLIC LIBRARY  
UNION COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Richwood-North Union Public Library, Union 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 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. 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 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. The investment in STAR Ohio (the State Treasurer's Investment Pool) is recorded at share values reported by the Treasurer of State.

**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. The Capital Projects Fund is accumulating funds for acquisition or expansion of Library facilities.

**RICHWOOD-NORTH UNION PUBLIC LIBRARY  
UNION COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 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.

**3. Encumbrances**

The Library reserves (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

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.

**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.

**RICHWOOD-NORTH UNION PUBLIC LIBRARY  
UNION COUNTY**

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

**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 and investments. The carrying amount of cash and investments at December 31 follows:

	2001	2000
Demand deposits	\$253,661	\$78,760
Cash on Hand	50	50
Certificates of deposit	50,000	20,000
Total deposits	303,711	98,810
STAR Ohio	298,417	385,010
Total investments	298,417	385,010
Total deposits and investments	\$602,128	\$483,820

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by specific securities pledged by the financial institution.

The Library had uncollateralized deposits of \$82,055 and \$29,225 at December 31, 2000, and December 31, 2001, respectively.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Although budgetary requirements were no longer applicable effective January 1, 2001, the Library did still budget. Therefore, budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

<b>2001 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$438,500	\$450,443	\$11,943
Capital Projects	350,000	125,000	(225,000)
Total	\$788,500	\$575,443	(\$213,057)

<b>2001 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$560,000	\$459,522	\$100,478
Capital Projects	350,000	0	350,000
Total	\$910,000	\$459,522	\$450,478

**RICHWOOD-NORTH UNION PUBLIC LIBRARY  
UNION COUNTY**

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

**3. BUDGETARY ACTIVITY**

<b>2000 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$399,997	\$444,716	\$44,719
Capital Projects	350,000	150,000	(200,000)
Total	\$749,997	\$594,716	(\$155,281)

<b>2000 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$480,000	\$415,030	\$64,970
Capital Projects	200,000	0	200,000
Total	\$680,000	\$415,030	\$264,970

**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.

**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 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.

**RICHWOOD-NORTH UNION PUBLIC LIBRARY  
UNION COUNTY**

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

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions;
- Public officials liability; and
- The Library provides health insurance to full-time employees through the North Union Local School District.

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

Richwood-North Union Public Library  
Union County  
4 East Ottawa Street  
Richwood, Ohio 43344

To the Board of Trustees:

We have audited the accompanying financial statements of the Richwood-North Union Public Library, Union County, Ohio, (the Library) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated February 15, 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 2001-00680-001.

### 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. However, we noted a certain other 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 15, 2002.

Richwood-North Union Public Library  
Union 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.

**JIM PETRO**  
Auditor of State

February 15, 2002



**RICHWOOD-NORTH UNION PUBLIC LIBRARY  
UNION COUNTY**

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

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

<b>2001-00680-001</b>	
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Ohio Rev. Code Section 135.18 states the treasurer shall require a public depository to pledge security for the repayment of all public moneys deposited in the public depository. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities. Ohio Rev. Code Section 135.181 also allows, in lieu of the pledging requirements prescribed in section 135.18 of the Revised Code, a public depository may pledge a single pool of eligible securities to secure the repayment of all public moneys deposited in the institution and not otherwise secured pursuant to law, provided that at all times the total value of the securities so pledged, is at least equal to one hundred five percent of the total amount of all public deposits to be secured by the pooled securities, including the portion of such deposits covered by any federal deposit insurance.

The Library had uncollateralized deposits of \$82,055 and \$29,225 at December 31, 2000, and December 31, 2001, respectively.

We recommend the Library monitor its depository balances in relation to pledged security to ensure all deposits are properly secured.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**RICHWOOD-NORTH UNION PUBLIC LIBRARY**

**UNION 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 9, 2002**