



**ST. MARYS COMMUNITY PUBLIC LIBRARY
AUGLAIZE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 - 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

ST. MARYS COMMUNITY PUBLIC LIBRARY
AUGLAIZE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

St. Marys Community Public Library
Auglaize County
140 South Chestnut Street
St. Marys, Ohio 45885

To the Board of Trustees:

We have audited the accompanying financial statements of the St. Marys Community Public Library, Auglaize County, (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 combined fund cash balances and reserves for encumbrances of the Library, as of December 31, 2001 and December 31, 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 14, 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.

Jim Petro
Auditor of State

February 14, 2002

**ST. MARYS COMMUNITY PUBLIC LIBRARY
AUGLAIZE 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>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Other Government Grants-In-Aid	\$576,673			\$576,673
Patron Fines and Fees	11,964			11,964
Earnings on Investments	2,049	\$44,758	\$16,228	63,035
Contributions, Gifts and Donations	1,630	3,670	2,848	8,148
Miscellaneous Receipts	2,212			2,212
Total Cash Receipts	<u>594,528</u>	<u>48,428</u>	<u>19,076</u>	<u>662,032</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	346,219			346,219
Purchased and Contracted Services	61,198			61,198
Supplies	18,074			18,074
Library Materials and Information	75,067		653	75,720
Other Objects	9,547			9,547
Capital Outlay	25,271	950,380		975,651
Total Cash Disbursements	<u>535,376</u>	<u>950,380</u>	<u>653</u>	<u>1,486,409</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>59,152</u>	<u>(901,952)</u>	<u>18,423</u>	<u>(824,377)</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property	40			40
Transfers-In		250,000		250,000
Transfers-Out			(250,000)	(250,000)
Total Other Financing Receipts/(Disbursements)	<u>40</u>	<u>250,000</u>	<u>(250,000)</u>	<u>40</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	59,192	(651,952)	(231,577)	(824,337)
Fund Cash Balances, January 1	<u>106,273</u>	<u>1,162,287</u>	<u>351,660</u>	<u>1,620,220</u>
Fund Cash Balances, December 31	<u>\$165,465</u>	<u>\$510,335</u>	<u>\$120,083</u>	<u>\$795,883</u>
Reserves for Encumbrances, December 31	<u>\$32,067</u>	<u>\$298,721</u>	<u>\$122</u>	<u>\$330,910</u>

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

**ST. MARYS COMMUNITY PUBLIC LIBRARY
AUGLAIZE 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>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Other Government Grants-In-Aid	\$566,133	\$15,000		\$581,133
Patron Fines and Fees	13,232			13,232
Earnings on Investments	2,521	44,050	\$18,798	65,369
Contributions, Gifts and Donations	645	125	3,251	4,021
Miscellaneous Receipts	1,061			1,061
	<u>583,592</u>	<u>59,175</u>	<u>22,049</u>	<u>664,816</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries and Benefits	362,133			362,133
Supplies	22,220			22,220
Purchased and Contracted Services	68,108			68,108
Library Materials and Information	67,600	43,137	4,050	114,787
Other Objects	10,207			10,207
Capital Outlay	21,399	76,892		98,291
	<u>551,667</u>	<u>120,029</u>	<u>4,050</u>	<u>675,746</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>31,925</u>	<u>(60,854)</u>	<u>17,999</u>	<u>(10,930)</u>
Other Financing Receipts/(Disbursements):				
Proceeds of Bonds		999,900		999,900
Proceeds from Sales of Property	280			280
Transfers-In		14,593	32,030	46,623
Transfers-Out	<u>(46,623)</u>			<u>(46,623)</u>
Total Other Financing Receipts/(Disbursements)	<u>(46,343)</u>	<u>1,014,493</u>	<u>32,030</u>	<u>1,000,180</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(14,418)	953,639	50,029	989,250
Fund Cash Balances, January 1	<u>120,691</u>	<u>208,648</u>	<u>301,631</u>	<u>630,970</u>
Fund Cash Balances, December 31	<u>\$106,273</u>	<u>\$1,162,287</u>	<u>\$351,660</u>	<u>\$1,620,220</u>
Reserves for Encumbrances, December 31	<u>\$13,159</u>	<u>\$17,934</u>	<u>\$873</u>	<u>\$31,966</u>

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

**ST. MARYS COMMUNITY PUBLIC LIBRARY
AUGLAIZE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

St. Marys Community Public Library, Auglaize 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 (Board of Education of St. Marys City 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 valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

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 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 trust funds). The Library had the following significant capital projects funds:

Capital Projects and Capital Projects Building Expansion Funds - these are building funds which receive interest from investments and bond proceeds for the addition to the building and remodeling projects.

**ST. MARYS COMMUNITY PUBLIC LIBRARY
AUGLAIZE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 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:

Sheets Endowment Expendable Trust Fund - this fund began with a donation from the Mary and Joseph Sheets estate and continues to receive interest for the purpose of construction and equipping the new library building.

E. Budgetary Process

The Ohio Administrative Code requires budgeting for each fund annually.

1. Appropriations

The Board 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 Library reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re appropriated. The budgetary presentations have been adjusted to include material items that should have been encumbered.

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are not required to estimate resources or encumber appropriations; however, the Library has chosen to continue the encumbrance method of accounting.

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.

**ST. MARYS COMMUNITY PUBLIC LIBRARY
AUGLAIZE 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	\$149,810	\$89,600
STAR Ohio	646,073	1,530,620
Total deposits and investments	\$795,883	\$1,620,220

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or 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, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$607,506	\$594,568	(\$12,938)
Capital Projects	291,180	298,428	7,248
Fiduciary	14,214	19,076	4,862
Total	\$912,900	\$912,072	(\$828)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$638,643	\$567,443	\$71,200
Capital Projects	1,502,581	1,249,101	253,480
Fiduciary	257,053	250,775	6,278
Total	\$2,398,277	\$2,067,319	\$330,958

**ST. MARYS COMMUNITY PUBLIC LIBRARY
AUGLAIZE COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$554,635	\$583,872	\$29,237
Capital Projects	1,035,900	1,073,668	37,768
Fiduciary	13,800	54,079	40,279
Total	<u>\$1,604,335</u>	<u>\$1,711,619</u>	<u>\$107,284</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$603,955	\$611,449	(\$7,494)
Capital Projects	1,156,603	137,963	1,018,640
Fiduciary	6,000	4,923	1,076
Total	<u>\$1,766,558</u>	<u>\$754,335</u>	<u>\$1,012,223</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 based on of any additional revenues the Library receives.

5. BOND ISSUE

The St. Marys City School District serves as the taxing authority and has issued tax related debt on behalf of the Library. On June 1, 2000, \$999,900 in bonds was issued for the construction of an addition to the existing community library. The bonds were issued for ten years with final maturity on December 1, 2010. The redemption of the bonds is being handled through a Bond Retirement Debt Service Fund by the School District.

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 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries through June 30, 2000, and from January 1, 2001 through December 31, 2001. PERS temporarily reduced the employer contribution rate to 8.13 percent effective July 1, 2000. The contribution rate returned to 13.55 percent as of January 1, 2001. The Library has paid all contributions required through December 31, 2001.

**ST. MARYS COMMUNITY PUBLIC LIBRARY
AUGLAIZE COUNTY**

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

7. RISK MANAGEMENT

The St. Marys Community Public Library has obtained commercial insurance for the following risks:

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

8. INSURANCE POOLS

A. Workers' Compensation

The Library participates in the Ohio Library Council Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the Library by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating libraries is calculated as one experience and a common premium rate is applied to all libraries in the GRP.

Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to libraries that can meet the GRP's selection criteria. The firm of Gates McDonald and Company provides administrative, cost control and actuarial services to the GRP.

B. Health Benefit Trust

The Mercer Auglaize Employee Benefit Trust (the Trust) is a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and dental benefits to the employees of the participants. Each participants superintendent is appointed to an Administrative Committee which advises the Trustee, Ohio Bank, concerning aspects of the administration of the Trust.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Jim Mauntler; Schmidt, Long, and Associates, Inc., 4159 Holland-Sylvania Road, Suite 103, Toledo, Ohio 43623.

9. SIGNIFICANT CONTRACTUAL COMMITMENTS

The Library had entered into the following contractual commitment as of December 31, 2001:

Baumer Construction	Library Expansion Project	\$40,256
Lewis and Michael Storage	Library Expansion Project	26,481
Library Design Associates, Inc.	Library Furniture	265,619

**ST. MARYS COMMUNITY PUBLIC LIBRARY
AUGLAIZE COUNTY**

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

10. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



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

St. Marys Community Public Library
Auglaize County
140 South Chestnut Street
St. Marys, Ohio 45885

To the Board of Trustees:

We have audited the accompanying financial statements of the St. Marys Community Public Library, Auglaize County, (the Library) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated February 14, 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 certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated February 14, 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 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 February 14, 2002.

St. Marys Community Public Library
Auglaize 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 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 14, 2002

**ST. MARYS COMMUNITY LIBRARY
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-00206-001	Ohio Rev. Code Section 135.21, regarding proper posting of investment earnings to the general fund.	Yes	Finding No Longer Valid



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OFFICE OF THE AUDITOR

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ST. MARYS COMMUNITY PUBLIC LIBRARY

AUGLAIZE 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
MARCH 19, 2002**