



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

ALGER PUBLIC LIBRARY
HARDIN COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – General Fund - For the Year Ended December 31, 2001	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Nonexpendable Trust Fund - For the Year Ended December 31, 2001	4
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – General Fund - For the Year Ended December 31, 2000	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Nonexpendable Trust Fund - For the Year Ended December 31, 2001	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Prior Audit Findings	15

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REPORT OF INDEPENDENT ACCOUNTANTS

Alger Public Library
Hardin County
100 West Wagner Street, P.O. Box 18
Alger, Ohio 45812

To the Board of Trustees:

We have audited the accompanying financial statements of the Alger Public Library, Hardin County (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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances 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 20, 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.

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 20, 2002

**ALGER PUBLIC LIBRARY
HARDIN COUNTY**

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

Cash Receipts	
Other Government Grants-In-Aid	\$74,030
Patron Fines and Fees	1,217
Contributions, Gifts and Donations	375
Earnings on Investments	2,956
Miscellaneous Receipts	<u>376</u>
 Total Cash Receipts	 78,954
 Cash Disbursements:	
Current:	
Salaries and Benefits	29,472
Supplies	3,657
Purchased and Contracted Services	14,319
Library Materials	31,131
Other Objects	439
Capital Outlay	<u>7,661</u>
 Total Cash Disbursements	 <u>86,679</u>
 Total Cash Receipts (Under) Cash Disbursements	 (7,725)
 Other Financing Sources	
Sale of Surplus Property	<u>437</u>
 Total Cash Receipts and Other Sources (Under) Cash Disbursements	 (7,288)
 Fund Cash Balance, January 1	 <u>62,860</u>
 Fund Cash Balance, December 31	 <u><u>\$55,572</u></u>

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

ALGER PUBLIC LIBRARY
HARDIN COUNTY

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

Operating Cash Receipts	
Earnings on Investments	\$406
Operating Cash Disbursements:	
Current:	
Library Materials	<u>600</u>
Total Operating Cash Receipts (Under)	
Operating Cash Disbursements	(194)
Fund Cash Balance, January 1	<u>10,670</u>
Fund Cash Balance, December 31	<u><u>\$10,476</u></u>

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

**ALGER PUBLIC LIBRARY
HARDIN COUNTY**

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

Cash Receipts	
Other Government Grants-In-Aid	\$54,470
Patron Fines and Fees	446
Contributions, Gifts and Donations	1,739
Earnings on Investments	3,460
Miscellaneous Receipts	<u>53</u>
 Total Cash Receipts	 60,168
 Cash Disbursements:	
Current:	
Salaries and Benefits	23,248
Supplies	3,311
Purchased and Contracted Services	18,273
Library Materials	16,044
Other Objects	<u>1,124</u>
 Total Cash Disbursements	 <u>62,000</u>
 Total Cash Receipts (Under) Cash Disbursements	 (1,832)
 Other Financing Sources	
Sale of Surplus Property	<u>600</u>
 Total Cash Receipts and Other Sources (Under) Cash Disbursements	 (1,232)
 Fund Cash Balance, January 1	 <u>64,092</u>
 Fund Cash Balance, December 31	 <u><u>\$62,860</u></u>

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

ALGER PUBLIC LIBRARY
HARDIN COUNTY

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

Operating Cash Receipts	
Earnings on Investments	\$623
Operating Cash Disbursements	<u>0</u>
Cash Receipts Over Cash Disbursements	623
Fund Cash Balance, January 1	<u>10,047</u>
Fund Cash Balance, December 31	<u><u>\$10,670</u></u>

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

**ALGER PUBLIC LIBRARY
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Alger Public Library, Hardin 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 Upper Scioto Valley Local School District 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 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. The investment in STAR Ohio is recorded at share value reported by the State Treasurer.

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its fund into the following type:

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. 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.

**ALGER PUBLIC LIBRARY
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Library had the following fiduciary fund:

T. Reed Dunlap Nonexpendable Trust Fund - Received funds from the last will and testament of Mabel Dunlap as a permanent endowment. Interest income earned on the principal is to be used for the purchase of books of lasting merit which should pertain to the subjects of art, history, science, and literature which should be chosen especially for the reading enjoyment of teenage boys and girls.

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. 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 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 canceled, and reappropriated 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. Unpaid Vacation

Unpaid vacation and sick leave is not deemed a liability by the Library as unused vacation and sick leave amounts are not paid upon leaving employment.

**ALGER PUBLIC LIBRARY
HARDIN 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:

	<u>2001</u>	<u>2000</u>
Demand deposits	\$5,969	\$6,118
Certificates of deposit	<u>25,573</u>	<u>24,235</u>
Total deposits	<u>31,542</u>	<u>30,353</u>
STAR Ohio - General savings account	24,487	33,121
STAR Ohio - T. Reed Dunlap Trust Fund	<u>10,019</u>	<u>10,056</u>
Total investments	<u>34,506</u>	<u>43,177</u>
Total deposits and investments	<u><u>\$66,048</u></u>	<u><u>\$73,530</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

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 December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$128,149	\$79,391	(\$48,758)
Nonexpendable Trust	<u>100</u>	<u>406</u>	<u>306</u>
Total	<u><u>\$128,249</u></u>	<u><u>\$79,797</u></u>	<u><u>(\$48,452)</u></u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$92,850	\$86,679	\$6,171
Nonexpendable Trust	<u>600</u>	<u>600</u>	<u> </u>
Total	<u><u>\$93,450</u></u>	<u><u>\$87,279</u></u>	<u><u>\$6,171</u></u>

**ALGER PUBLIC LIBRARY
HARDIN 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	\$117,423	\$60,768	(\$56,655)
Nonexpendable Trust	<u>10,000</u>	<u>623</u>	<u>(9,377)</u>
Total	<u>\$127,423</u>	<u>\$61,391</u>	<u>(\$66,032)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$77,290	\$62,000	\$15,290
Nonexpendable Trust	_____	_____	_____
Total	<u>\$77,290</u>	<u>\$62,000</u>	<u>\$15,290</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. 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 for 2001 and for the period 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.

**ALGER PUBLIC LIBRARY
HARDIN COUNTY**

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

6. RISK MANAGEMENT

A. Commercial Insurance

The Alger Public 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**

Alger Public Library
Hardin County
100 West Wagner Street
P.O. Box 18
Alger, Ohio 45812

To the Board of Trustees:

We have audited the accompanying financial statements of the Alger Public Library, Hardin County, (the "Library") as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 20, 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 an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated May 20, 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 May 20, 2002.

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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

May 20, 2002

**ALGER PUBLIC LIBRARY
HARDIN COUNTY**

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

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid: Explain:</u>
1999-00233-001	Ohio Rev. Code Section 5705.131 (recording of interest in nonexpendable trust funds)	Yes	N/A
1999-00233-002	Ohio Rev. Code Section 117.38 (preparing annual financial reports)	Partially	Report was completed and filed with the Auditor of State, however, notice of the reports availability was not published. This issue was reported in the management letter.
1999-00233-003	Material weakness - Recording of financial activity in the nonexpendable trust fund	Yes	N/A
1999-00233-04	Material weakness - Financial record completeness and accuracy	Yes	N/A



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ALGER PUBLIC LIBRARY

HARDIN 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
JUNE 11, 2002**