



**ST. PARIS PUBLIC LIBRARY
CHAMPAIGN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 and 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

ST. PARIS PUBLIC LIBRARY
CHAMPAIGN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

St Paris Public Library
Champaign County
P.O. Box 740
St. Paris, OH 43072

To the Board of Trustees:

We have audited the accompanying financial statements of the St. Paris Public Library (the Library), Champaign County, 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 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 March 12, 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

March 12, 2002

**ST. PARIS PUBLIC LIBRARY
CHAMPAIGN COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Fiduciary</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Capital</u> <u>Projects</u>	<u>Expendable</u> <u>Trust</u>	
Cash Receipts:				
Property and Other Local Taxes		\$888		\$888
Other Government Grants-In-Aid	337,525			337,525
Patron Fines and Fees	11,086			11,086
Earnings on Investments	18,879			18,879
Contributions, Gifts and Donations	3,286			3,286
Miscellaneous Receipts	330	9,603		9,933
Total Cash Receipts	<u>371,106</u>	<u>10,491</u>		<u>381,597</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	164,778			164,778
Purchased and Contracted Services	52,422			52,422
Library Materials and Information	53,541			53,541
Supplies	13,046			13,046
Other Objects	2,932			2,932
Debt Service:				
Redemption of Principal		58,750		58,750
Interest Payments		2,673		2,673
Capital Outlay	6,141	29,448		35,589
Total Cash Disbursements	<u>292,860</u>	<u>90,871</u>		<u>383,731</u>
Total Cash Receipts Over/(Under) Cash Disbursements	78,246	(80,380)		(2,134)
Fund Cash Balances, January 1	<u>337,496</u>	<u>137,769</u>	<u>5,759</u>	<u>481,024</u>
Fund Cash Balances, December 31	<u>\$415,742</u>	<u>\$57,389</u>	<u>\$5,759</u>	<u>\$478,890</u>
Reserves for Encumbrances, December 31	<u>\$7,154</u>	<u>\$9,950</u>	<u>\$0</u>	<u>\$0</u>

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

ST. PARIS PUBLIC LIBRARY
CHAMPAIGN COUNTY

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

	<u>Fiduciary Fund Types</u>
	<u>Nonexpendable Trust</u>
Cash Receipts	\$0
Cash Disbursements	<u>0</u>
Receipts Over / (Under) Disbursements	0
Fund Cash Balances, January 1	<u>64,486</u>
Fund Cash Balances, December 31	<u><u>\$64,486</u></u>

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

**ST. PARIS PUBLIC LIBRARY
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
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:				
Property and Other Local Taxes		\$126,603		\$126,603
Other Government Grants-In-Aid	329,290	11,583		340,873
Patron Fines and Fees	10,083			10,083
Earnings on Investments	20,713			20,713
Contributions, Gifts and Donations	787			787
Miscellaneous Receipts	2,151			2,151
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	363,024	138,186		501,210
Cash Disbursements:				
Current:				
Salaries and Benefits	131,188			131,188
Purchased and Contracted Services	53,020	1,500		54,520
Library Materials and Information	49,555			49,555
Supplies	8,127			8,127
Other Objects	6,386			6,386
Debt Service:				
Redemption of Principal		58,750		58,750
Interest Payments		5,346		5,346
Capital Outlay	1,022	6,647		7,669
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	249,298	72,243		321,541
Total Cash Receipts Over Cash Disbursements	113,726	65,943		179,669
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property	55			55
Advances-In	37,250	37,250		74,500
Advances-Out	(37,250)	(37,250)		(74,500)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	55			55
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	113,781	65,943		179,724
Fund Cash Balances, January 1	223,715	71,826	5,759	301,300
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$337,496	\$137,769	\$5,759	\$481,024
	<hr/>	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$4,234	\$0	\$0	\$0
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The notes to the financial statements are an integral part of this statement.

ST. PARIS PUBLIC LIBRARY
CHAMPAIGN COUNTY

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

	<u>Fiduciary Fund Types</u>
	<u>Nonexpendable Trust</u>
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	\$8,725
Non-Operating Cash Disbursements:	<u>0</u>
Total Receipts Over Disbursements	8,725
Fund Cash Balances, January 1	<u>55,761</u>
Fund Cash Balances, December 31	<u><u>\$64,486</u></u>

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

**ST. PARIS PUBLIC LIBRARY
CHAMPAIGN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The St. Paris Public Library, Champaign 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 local 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 deposits are valued at cost. The investment in STAR Ohio is recorded at share values reported by the State Treasurer. Stock is valued at fair market value at time of donation.

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

Construction Fund - this fund received tax money for the construction of a new building.

**ST. PARIS PUBLIC LIBRARY
CHAMPAIGN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds (Trust and Agency 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:

R. Barger Nonexpendable Trust Fund - receives interest from the principal to be used as desired by the Board.

Fannie Black Non Expendable Trust Fund - receives interest from the principal to be used as desired by the Board.

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 4.

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. PARIS PUBLIC LIBRARY
CHAMPAIGN COUNTY**

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

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	\$260,793	\$273,509
Certificates of deposit	14,220	14,220
Total deposits	275,013	287,729
STAR Ohio	265,963	255,381
Common stock	2,300	2,300
Total investments	268,263	257,681
Total deposits and investments	543,276	\$545,410
Cash on hand	100	100
Total deposits, investments, and cash	<u>\$543,376</u>	<u>\$545,510</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, At December 31, 2001, \$67,960 of deposits were not insured or collateralized, and at December 31, 2000, \$97,821 of deposits were not insured or collateralized. This violates the requirement of Ohio Rev. Code Section 135.18(A).

Investments: The Library maintains investments in the State Investment Pool (Star Ohio) as well as donated stock. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. RESTATEMENT OF FUND BALANCES

During 1999 the R. Barger Nonexpendable Trust Fund was improperly classified as an expendable trust fund.

This reclassification had the following effect on fund balance as it was previously reported as of December 31, 1999.

	Expendable Trust	Nonexpendable Trust
Fund Balance as Previously Reported	\$50,759	10,761
Unreserved Fund Balance	(45,000)	45,000
Restated Fund Balance at June 30, 2000	<u>\$5,759</u>	<u>\$55,761</u>

**ST. PARIS PUBLIC LIBRARY
CHAMPAIGN COUNTY**

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

3. RESTATEMENT OF FUND BALANCES (Continued)

The restatement had the following effect on the excess of revenues over (under) expenditures as previously reported for the fiscal year ended June 30, 2000.

	Expendable Trust	Nonexpendable Trust
Excess as Previously Reported	\$45,000	\$0
Contributions, Gifts, and Donations	(45,000)	45,000
Restated Amount for the Fiscal Year Ended June 30, 2000	\$0	\$45,000

4. 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	\$367,788	\$371,106	\$3,318
Capital Projects	105,199	10,491	10,491
Total	\$367,788	\$381,597	\$13,809

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$302,596	\$300,014	\$2,582
Capital Projects	105,199	100,821	4,378
Total	\$407,795	\$400,835	\$6,960

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$391,680	\$363,079	(\$28,601)
Capital Projects	198,096	138,186	(59,910)
Total	\$589,776	\$509,990	(\$79,786)

**ST. PARIS PUBLIC LIBRARY
CHAMPAIGN COUNTY**

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

4. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$455,974	\$253,532	\$202,442
Capital Projects	152,193	72,243	79,950
Total	\$613,167	\$263,859	\$282,392

5. 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.

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 rate returned to 13.55% on January 1, 2001. The Library has paid all contributions required through December 31, 2001

**ST. PARIS PUBLIC LIBRARY
CHAMPAIGN COUNTY**

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

7. RISK MANAGEMENT

Commercial Insurance

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

- Comprehensive property and general liability;
- Public Officials Liability



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

St. Paris Public Library
Champaign County
P.O. Box 740
St. Paris, OH 43072

To the Board of Trustees:

We have audited the accompanying financial statements of the St. Paris Public Library (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 12, 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 described in the accompanying schedule of findings as item 2001-00311-001.

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 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 March 12, 2002.

St. Paris Public Library
Champaign 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 parties.

Jim Petro
Auditor of State

March 12, 2002

**ST. PARIS PUBLIC LIBRARY
CHAMPAIGN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-00311-001

Noncompliance Citation

Ohio Rev. Code Section 135.18 (A) states the treasurer must require the institution designated as a public depository to pledge to the treasurer, as security for the repayment of all public moneys to be deposited in the public depository during the period of designation, eligible securities of aggregate market value equal to the excess of the amount of public moneys to be at the time so deposited, over and above such portion or amount of such money as is at such time insured by the federal deposit insurance corporation.

At December 31, 2001 and 2000, the Library's deposits lacked sufficient pledged collateral in the amounts of \$67,960 and \$97,821, respectively.

The Library should implement monitoring procedures that require the frequent review of bank collateral statements to help assure that sufficient collateral is pledged for their deposits.



STATE OF OHIO
OFFICE OF THE AUDITOR

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ST. PARIS PUBLIC LIBRARY

CHAMPAIGN 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**