



**ALGER PUBLIC LIBRARY  
HARDIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



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

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**STATE OF OHIO**



ALGER PUBLIC LIBRARY  
HARDIN COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Alger Public Library, Hardin County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 of the Alger Public Library, Hardin County, as of December 31, 1999 and 1998, 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 8, 2000, 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.

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.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

May 8, 2000

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**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, 1999**

**Cash Receipts:**

Taxes	\$50,529
Patron Fines and Fees	146
Earnings on Investments	2,755
Contributions, Gifts and Donations	544
Miscellaneous Receipts	999

Total Cash Receipts 54,973

**Cash Disbursements:**

Current:

Salaries and Benefits	18,138
Supplies	2,818
Purchased and Contracted Services	6,560
Library Materials and Information	8,823
Other Objects	938
Capital Outlay	3,981

Total Cash Disbursements 41,258

Total Cash Receipts Over/(Under) Cash Disbursements 13,715

Fund Cash Balance, January 1 50,330

**Fund Cash Balance, December 31 \$64,045**

*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, 1999

<b>Operating Cash Receipts:</b>	
Earnings on Investments	\$501
<b>Operating Cash Disbursements:</b>	
Library Materials and Information	<u>469</u>
Operating Income	32
Fund Cash Balance, January 1	<u>10,015</u>
<b>Fund Cash Balance, December 31</b>	<b><u><u>\$10,047</u></u></b>

*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, 1998

<b>Cash Receipts:</b>	
Taxes	\$45,833
Patron Fines and Fees	320
Earnings on Investments	2,957
Contributions, Gifts and Donations	1,235
Miscellaneous Receipts	<u>240</u>
Total Cash Receipts	<u>50,585</u>
<b>Cash Disbursements:</b>	
Current:	
Salaries and Benefits	20,647
Supplies	1,375
Purchased and Contracted Services	10,067
Library Materials and Information	8,172
Other Objects	3,023
Capital Outlay	<u>304</u>
Total Cash Disbursements	<u>43,588</u>
Total Cash Receipts Over/(Under) Cash Disbursements	6,997
Fund Cash Balance, January 1	<u>43,333</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$50,330</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, 1998

<b>Operating Cash Receipts:</b>	
Earnings on Investments	\$15
<b>Operating Cash Disbursements:</b>	
Library Materials and Information	<u>0</u>
Operating Income	15
Fund Cash Balances, January 1	<u>10,000</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$10,015</u></u></b>

*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, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The 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 the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Upper Scioto Valley Local 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**

Purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Except gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. The investments in STAR Ohio (the State Treasurer's investment pool) is valued at amounts 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 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. 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. Funds for which the Library is acting in an agency capacity are classified as agency funds.

**ALGER PUBLIC LIBRARY  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**2. Fiduciary Funds (Trust and Agency Funds) (Continued)**

The Library had no expendable trust or agency funds. The Library had the following significant 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 that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level of control. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**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 carried over and need not be reappropriated.

A summary of 1999 and 1998 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, 1999 AND 1998  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Library maintains a cash and investments 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>1999</u>	<u>1998</u>
Demand deposits	\$14,984	\$3,909
Certificates of deposit	30,805	29,055
Total deposits	<u>45,789</u>	<u>32,964</u>
STAR Ohio - General savings account	18,256	17,366
STAR Ohio - T. Reed Dunlap Trust Fund	10,047	10,015
Total investments	<u>28,303</u>	<u>27,381</u>
Total deposits and investments	<u>\$74,092</u>	<u>\$60,345</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 ending December 31, 1999 and 1998 was as follows:

<b>1999 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$47,482	\$54,973	\$7,491
Nonexpendable Trust	0	501	501
Total	<u>\$47,482</u>	<u>\$55,474</u>	<u>\$7,992</u>

<b>1999 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$59,550	\$41,258	\$18,292
Nonexpendable Trust	0	469	(469)
Total	<u>\$59,550</u>	<u>\$41,727</u>	<u>\$17,823</u>

**ALGER PUBLIC LIBRARY  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>1998 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$43,380	\$50,585	\$7,205
Nonexpendable Trust	0	15	15
Total	\$43,380	\$50,600	\$7,220

<b>1998 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$64,736	\$43,588	\$21,148

**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 on account of any additional revenues realized by the Library.

**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 also 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. The Library has not paid all contributions required through December 31, 1999.

**6. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability



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

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

To the Board of Trustees:

We have audited the financial statements of the Alger Public Library, Hardin County, Ohio, (the Library), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 8, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 1999-00233-001 and 1999-00233-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated May 8, 2000.

**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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Library's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 1999-00233-003 and 1999-00233-004.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that

are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 1999-00233-003 and 1999-00233-004 to be material weaknesses. We also 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 8, 2000.

This report is intended 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.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

May 8, 2000



ALGER PUBLIC LIBRARY  
HARDIN COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998

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

Finding Number	1999-00233-001
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**Noncompliance**

Ohio Rev. Code Section 5705.131 requires interest earned on the principal of a nonexpendable trust fund that has been established for the purpose of receiving donations or contributions that the donor or contributor requires to be maintained intact must be credited to the nonexpendable trust fund to which the principal belongs. The interest earned on the T. Reed Dunlap Trust fund was credited to the general fund but should have been posted to the nonexpendable trust fund to properly reflect revenue earned on the trust principal.

The Library has adjusted its records in 1998 and 1999 to reflect the interest earned on the principal of the trust to the nonexpendable trust fund in order to properly account for the revenue related to the T. Reed Dunlap Trust fund. In the future, the Library should account for such revenue in the same manner. The financial statements in this report have been adjusted to reflect this interest in the nonexpendable trust fund.

Finding Number	1999-00233-002
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**Noncompliance**

Ohio Admin. Code Section 117-4-16 (A) follows Ohio Rev. Code Section 117.38 regarding filing of an annual financial report. Ohio Rev. Code Section 117.38 requires a financial report of each board of library trustees for each fiscal year to be prepared by the clerk-treasurer and filed with the auditor of state.

The Clerk-Treasurer did not prepare an annual financial report and file it with the Auditor of State for fiscal year 1998.

The Clerk-Treasurer should complete an annual financial report upon completion of each fiscal year and file it with the Auditor of State per the prescribed manner established by the Administrative Code.

Finding Number	1999-00233-003
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**Material Weakness**

**T. Reed Dunlap Trust**

The interest earned on the T. Reed Dunlap Trust, established as a permanent endowment in honor of T. Reed Dunlap from the estate of Mabel Dunlap, is to be used for the purchase of books.

Although the principal of the trust separately was accounted for in a nonexpendable trust fund, no activity of the trust was accounted for in the nonexpendable trust fund. Interest and expenditures related to this fund were commingled and reported with the general fund making it difficult to determine if the interest had been expended according to the wishes of Ms. Dunlap.

**ALGER PUBLIC LIBRARY  
HARDIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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<b>Finding Number</b>	1999-00233-003 (Continued)
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In order to properly account for the activity in the T. Reed Dunlap trust, all interest and expenditures related to this fund should be accounted for in the T. Reed Dunlap Trust Fund. The financial statements have been adjusted to reflect this activity in the nonexpendable trust fund.

<b>Finding Number</b>	1999-00233-004
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**Material Weakness**

**Financial Record Completeness and Accuracy**

The financial records should contain the complete and accurate activities of the Library and be used as support for the annual financial report.

The Library's financial records (i.e. the receipts ledger and appropriations ledger) were used to prepare the annual financial report. However, the financial records did not contain complete and accurate information causing the Library's financial statements to be materially misstated. Several expenditures were posted to inappropriate accounts; some were double booked; interest earned on the Library's investments was not always recorded; and financial activity of the nonexpendable trust fund was incorrectly posted in the general fund. Therefore, numerous reclassifications and adjustments were required to be made to the annual financial report in 1998 and 1999.

Incomplete and inaccurate information results in the possibility of materially misstating the financial statements. In addition, this limits the ability of the users of the Library's financial statements to understand the activity of the Library and could lead to inaccurate conclusions.

The Library should ensure that care is taken in maintenance of its financial records and preparation of the annual financial report so as to give a fair presentation of the Library's fiscal activity. In preparing the report, the Clerk should ensure that receipts and expenditures are accurately reported; receipts and expenditures agree to those posted in the Library's records; and the report properly foots and crossfoots.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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 27, 2000**