



**RITTER PUBLIC LIBRARY
ERIE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**RITTER PUBLIC LIBRARY
TABLE OF CONTENTS**

TITLE	PAGE
Report of Independent Accountants	1
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, 1999	3
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, 1998	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Ritter Public Library
Erie County
5680 Liberty Avenue
Vermilion, Ohio 44089-1126

To the Board of Trustees:

We have audited the accompanying financial statements of the Ritter Public Library, Erie 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 audits.

We conducted our audits 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 audits 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 audits provide 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 reserves for encumbrances of the Library 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 16, 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 16, 2000

This page intentionally left blank.

**RITTER PUBLIC LIBRARY
 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, 1999**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$861,985			\$861,985
Patron Fines and Fees	32,793			32,793
Earnings on Investments	126,705	\$7,043	\$4,820	138,568
Contributions, Gifts and Donations	1,348			1,348
Miscellaneous Receipts	7,209			7,209
Total Cash Receipts	<u>1,030,040</u>	<u>7,043</u>	<u>4,820</u>	<u>1,041,903</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	389,801			389,801
Supplies	18,224			18,224
Purchased and Contracted Services	147,216			147,216
Library Materials and Information	178,413			178,413
Other Objects	6,834			6,834
Capital Outlay	26,011	3,547	3,190	32,748
Total Cash Disbursements	<u>766,499</u>	<u>3,547</u>	<u>3,190</u>	<u>773,236</u>
Total Cash Receipts Over Cash Disbursements	<u>263,541</u>	<u>3,496</u>	<u>1,630</u>	<u>268,667</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		525,000		525,000
Transfers-Out	(525,000)			(525,000)
Total Other Financing Receipts/(Disbursements)	<u>(525,000)</u>	<u>525,000</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(261,459)</u>	<u>528,496</u>	<u>1,630</u>	<u>268,667</u>
Fund Cash Balances, January 1	<u>692,878</u>	<u>1,054,611</u>	<u>50,694</u>	<u>1,798,183</u>
Fund Cash Balances, December 31	<u><u>\$431,419</u></u>	<u><u>\$1,583,107</u></u>	<u><u>\$52,324</u></u>	<u><u>\$2,066,850</u></u>
Reserves for Encumbrances, December 31	<u><u>\$39,446</u></u>	<u><u>\$13,000</u></u>	<u><u>\$4,030</u></u>	<u><u>\$56,476</u></u>

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

**RITTER PUBLIC LIBRARY
 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, 1998**

	<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	\$815,916			\$815,916
Patron Fines and Fees	36,842			36,842
Earnings on Investments	100,740		\$264	101,004
Contributions, Gifts and Donations	2,085			2,085
Miscellaneous Receipts	4,077			4,077
	<u>959,660</u>		<u>264</u>	<u>959,924</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	353,688			353,688
Supplies	24,433			24,433
Purchased and Contracted Services	157,721			157,721
Library Materials and Information	152,480		3,057	155,537
Other Objects	6,055			6,055
Capital Outlay	37,235			37,235
	<u>731,612</u>		<u>3,057</u>	<u>734,669</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>228,048</u>		<u>(2,793)</u>	<u>225,255</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		\$25,000		25,000
Transfers-Out	(25,000)			(25,000)
	<u>(25,000)</u>	<u>25,000</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	203,048	25,000	(2,793)	225,255
Fund Cash Balances, January 1	489,830	1,029,611	53,487	1,572,928
Fund Cash Balances, December 31	<u>\$692,878</u>	<u>\$1,054,611</u>	<u>\$50,694</u>	<u>\$1,798,183</u>
Reserves for Encumbrances, December 31	<u>\$34,703</u>	<u>\$13,000</u>	<u>\$2,163</u>	<u>\$49,866</u>

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

**RITTER PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ritter Public Library, Erie 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 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 reported as assets. Accordingly, 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 investment 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. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following significant capital project fund:

Building Fund - Receives transfers from the General Fund. Funds are being accumulated for future expansion of the Library.

**RITTER PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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. Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had the following significant fiduciary fund:

Endowment Fund - Funds received through bequests that are restricted for the acquisition of books by the Ritter Public Library.

E. Budgetary Process

The Ohio Administrative Code requires that each fund be budgeted annually.

1. Appropriations

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 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.

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 and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

**RITTER PUBLIC LIBRARY
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	\$172,291	\$207,128
Certificates of deposit	<u>1,348,578</u>	<u>548,578</u>
Total deposits	<u>1,520,869</u>	<u>755,706</u>
 STAR Ohio	 <u>545,736</u>	 <u>1,042,232</u>
Total deposits and investments	<u><u>\$2,066,605</u></u>	<u><u>\$1,797,938</u></u>

At year end, the District had \$245 in undeposited cash on hand which is included in the financial statements as part of the General Fund balance.

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

The Library did not properly designate public depositories as required by the Ohio Revised Code.

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 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$910,259	\$1,030,040	\$119,781
Capital Projects	25,000	532,043	507,043
Fiduciary	<u>2,100</u>	<u>4,820</u>	<u>2,720</u>
Total	<u><u>\$937,359</u></u>	<u><u>\$1,566,903</u></u>	<u><u>\$629,544</u></u>

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

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$778,009	\$1,330,945	(\$552,936)
Capital Projects	26,131	16,547	9,584
Fiduciary	7,163	7,220	(57)
Total	<u>\$811,303</u>	<u>\$1,354,712</u>	<u>(\$543,409)</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$909,166	\$959,660	\$50,494
Capital Projects		25,000	25,000
Fiduciary	2,695	264	(2,431)
Total	<u>\$911,861</u>	<u>\$984,924</u>	<u>\$73,063</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$786,401	\$791,315	(\$4,914)
Capital Projects	100,000	13,000	87,000
Fiduciary	7,600	5,220	2,380
Total	<u>\$894,001</u>	<u>\$809,535</u>	<u>\$84,466</u>

In 1999 General Fund budgetary expenditures were in excess of amounts appropriated by the Library.

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 on account of any additional revenues realized by the Library.

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

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

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.

5. DEBT

In 1992, the Board of Trustees of the Ritter Public Library submitted to the Vermilion Local School District Board of Education a property tax levy to be used for improvements to the Library. The Board of Education serves as the taxing authority and issues tax related debt on behalf of the Library, although their role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Library Trustees.

With approval of the levy, the Board of Education issued District general obligation bonds, in the amount of \$1,600,000 in 1993 for Library improvements. The bonds will be paid from proceeds of the property tax levy. This debt is not an obligation of the Library, however, it is a liability of the Board of Education and is reflected on their financial records.

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 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 paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

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

Ritter Public Library
Erie County
5680 Liberty Avenue
Vermilion, Ohio 44089-1126

To the Board of Trustees:

We have audited the accompanying financial statements of the Ritter Public Library, Erie County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 16, 2000. We conducted our audits 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 audits 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* and are described in the accompanying schedule of findings as items 1999-00522-001 and 1999-00522-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated May 16, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered 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 16, 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", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

May 16, 2000

**RITTER PUBLIC LIBRARY
SCHEDULE OF FINDINGS
DECEMBER 31, 1999**

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

FINDING NUMBER 1999-00522-001

Noncompliance Citation

Ohio Revised Code § 135.12 requires each governing board to meet every two years on the third Monday of the month next preceding the date of the expiration of its designation of depositories for the purpose of designating the public depositories of the public moneys of the subdivision, and at such meeting, shall designate such public depositories and award the moneys of the subdivision to and among the public depositories so designated for a period of two years commencing on the date of the expiration of the next preceding designation. The Library has certificates of deposit with FirstMerit and Fifth Third banks that were authorized by the Board of Trustees in November 1999, however, no evidence could be located that FirstMerit and Fifth Third had been designated public depositories. Although the Clerk-Treasurer had executed depository contracts with FirstMerit and Fifth Third, the Clerk-Treasurer does not have the authority to designate public depositories. Also, no evidence could be located to indicate Lorain National Bank had been designated a public depository following the expiration of the prior designation in November, 1999. Although the Clerk-Treasurer had executed a depository contract with Lorain National Bank, the Clerk-Treasurer does not have the authority to designate public depositories.

FINDING NUMBER 1999-00522-002

Noncompliance Citation

Ritter Public Library, Annual Appropriation Resolution (1999), established the annual appropriations for the Library for fiscal year 1999. Expenditures and encumbrances exceeded appropriations in the General Fund by \$553,061. This was due to a transfer out from the General Fund to the Building Fund that was not included in appropriations. The failure to limit expenditures and encumbrances to appropriations could result in the Library expending funds in excess of available resources. The Clerk-Treasurer should review appropriations periodically to determine if amendments are needed.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

RITTER PUBLIC LIBRARY

ERIE 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 6, 2000**