



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

**REGULAR AUDIT**

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



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

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**STATE OF OHIO**



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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, 1999 and December 31, 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 combined fund cash balances and reserves for encumbrances of the St. Marys Community Public Library, Auglaize County, as of December 31, 1999 and December 31, 1998, 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 2, 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 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.

**Jim Petro**  
Auditor of State

March 2, 2000



**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</u> <u>Fund Type</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>	
<b>Cash Receipts:</b>				
Intergovernmental	\$525,330	\$0	\$0	\$525,330
Patron Fines and Fees	14,697	0	0	14,697
Earnings on Investments	26,688	0	0	26,688
Contributions, Gifts and Donations	0	25	6,726	6,751
Miscellaneous Receipts	722	0	0	722
	<u>567,437</u>	<u>25</u>	<u>6,726</u>	<u>574,188</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	301,907	0	0	301,907
Supplies	11,602	0	0	11,602
Purchased and Contracted Services	59,971	0	0	59,971
Library Materials and Information	70,995	0	4,607	75,602
Other Objects	9,167	0	0	9,167
Capital Outlay	25,683	12,006	0	37,689
	<u>479,325</u>	<u>12,006</u>	<u>4,607</u>	<u>495,938</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>88,112</u>	<u>(11,981)</u>	<u>2,119</u>	<u>78,250</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	0	60,000	0	60,000
Transfers-Out	<u>(60,000)</u>	<u>0</u>	<u>0</u>	<u>(60,000)</u>
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(60,000)</u>	<u>60,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	28,112	48,019	2,119	78,250
Fund Cash Balances, January 1	<u>92,579</u>	<u>160,628</u>	<u>299,512</u>	<u>552,719</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$120,691</b></u>	<u><b>\$208,647</b></u>	<u><b>\$301,631</b></u>	<u><b>\$630,969</b></u>
Reserves for Encumbrances, December 31	<u>\$24,748</u>	<u>\$0</u>	<u>\$287</u>	<u>\$25,035</u>

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

**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>	
<b>Cash Receipts:</b>				
Intergovernmental	\$480,827	\$0	\$0	\$480,827
Patron Fines and Fees	14,439	0	0	14,439
Earnings on Investments	23,820	0	0	23,820
Contributions, Gifts and Donations	0	0	2,344	2,344
Miscellaneous Receipts	3,174	0	0	3,174
<b>Total Cash Receipts</b>	<u>522,260</u>	<u>0</u>	<u>2,344</u>	<u>524,604</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	275,231	0	0	275,231
Supplies	13,147	0	0	13,147
Purchased and Contracted Services	46,566	0	0	46,566
Library Materials and Information	64,982	0	1,516	66,498
Other Objects	6,768	0	0	6,768
Capital Outlay	43,575	0	0	43,575
<b>Total Cash Disbursements</b>	<u>450,269</u>	<u>0</u>	<u>1,516</u>	<u>451,785</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>71,991</u>	<u>0</u>	<u>828</u>	<u>72,819</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	0	40,000	0	40,000
Transfers-Out	(40,000)	0	0	(40,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(40,000)</u>	<u>40,000</u>	<u>0</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>31,991</u>	<u>40,000</u>	<u>828</u>	<u>72,819</u>
<b>Fund Cash Balances, January 1</b>	<u>60,588</u>	<u>120,628</u>	<u>298,684</u>	<u>479,900</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$92,579</u></u>	<u><u>\$160,628</u></u>	<u><u>\$299,512</u></u>	<u><u>\$552,719</u></u>
<b>Reserves for Encumbrances, December 31</b>	<u><u>\$18,606</u></u>	<u><u>\$0</u></u>	<u><u>\$418</u></u>	<u><u>\$19,024</u></u>

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



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

**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 the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by St. Marys City 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 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.

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 has a building fund which receives interest from investments and periodic transfers from the general fund. This fund is being held for a future building project.

**3. 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 nonexpendable trust fund. Other trust funds of the Library are classified as expendable trust funds. The Library has established an expendable trust fund for donations received for a future building project.

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

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

**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, function, and object 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 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 must use vacation leave and are not entitled to cash payments for unused vacation or accumulated sick leave under any circumstances.

**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 Library had cash on hand of \$75 and the carrying amount of cash and investments at December 31 follows:

	<u><b>1999</b></u>	<u><b>1998</b></u>
Demand deposits	\$91,451	\$116,039
STAR Ohio	<u>539,443</u>	<u>436,605</u>
Total deposits and investments	<u><u>\$630,894</u></u>	<u><u>\$552,644</u></u>

**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.

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

**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	\$539,916	\$567,437	\$27,521
Capital Projects	0	60,025	60,025
Trust Funds	0	6,726	6,726
Total	<u>\$539,916</u>	<u>\$634,188</u>	<u>\$94,272</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$550,582	\$564,073	(\$13,491)
Capital Projects	100,000	12,006	87,994
Trust Funds	204,418	4,894	199,524
Total	<u>\$855,000</u>	<u>\$580,973</u>	<u>\$274,027</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$477,465	\$522,260	\$44,795
Capital Projects	0	40,000	40,000
Trust Funds	0	2,344	2,344
Total	<u>\$477,465</u>	<u>\$564,604</u>	<u>\$87,139</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$481,169	\$508,875	(\$27,706)
Capital Projects	20,000	0	20,000
Trust Funds	4,045	1,934	2,111
Total	<u>\$505,214</u>	<u>\$510,809</u>	<u>(\$5,595)</u>

**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.

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

**4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)**

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.

The Board of Education of St. Marys City School District may annually levy a tax not to exceed 1.5 mills on the taxable property of such school district, for the purpose of providing funds for the operation of the library. The basis for levying the tax is pursuant to the library's certificate, which identifies the required and anticipated revenues from all sources other than tax levy for the ensuing fiscal year. The certificate is completed during the month of May and is forwarded to the Board of Education of such school district for their discretion. The Board of Education did not levy a tax for the audit period.

**5. RETIREMENT SYSTEM**

The Library's full-time and part-time employees belong to 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. The Library has 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
- Vehicles
- Errors and omissions

The Library maintains the above coverage through private carriers, and also provides health insurance to full-time employees through the Mercer/Auglaize Employee Benefit Trust as disclosed in Note 7 .

**7. INSURANCE POOLS**

**Mercer/Auglaize Employee Benefit Trust**

The Mercer-Auglaize Employee Benefit Trust (the Plan) is a public entity shared risk pool consisting of eight local school districts, two city school districts, one exempted village school district, and two educational service centers. The Plan is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides sick, accident and other benefits to the employees of the participants.

Each participating school district's superintendent is appointed to a Board of Trustees which advises the Trustee, Mid-American Bank, concerning aspects of the administration of the Trust.

Each participant decides which plans offered by the Board of Trustees will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Board of Trustees and payment of the monthly premiums. Financial information can be obtained from James Mauntler, who serves as consultant with Schmidt, Long, and Associates, at 4169 North Holland Sylvania Road, Suite 203, Building 3, Toledo, Ohio, 43623.



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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, 1999 and December 31, 1998, and have issued our report thereon dated March 2, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-00206-001. We also noted an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated March 2, 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. 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 2, 2000.

This report is intended 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

March 2, 2000

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>FINDING NUMBER</b>	<b>1999-00206-001</b>
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Ohio Rev. Code Section 135.21 states that all investment earnings shall be credited to the general fund. The Library credited interest to the capital projects fund and expendable trust fund during the years ended December 31, 1999 and 1998 in the following amounts:

	<u>1999</u>	<u>1998</u>
Capital Projects	\$9,117	\$5,476
Expendable Trust	15,866	16,164

The accompanying financial statements reflect the necessary adjustments to record all investment earnings in the general fund.

As of March 30, 1999, the law regarding a library's crediting of interest was changed. Ohio Rev. Code Section 3375.391 now governs and states that the Board of Library Trustees may adopt a resolution crediting the investment earnings to the fund from which the earnings arose or any other fund of the district as the board specifies in its resolution.

The Library should record all investment earnings in the general fund and then transfer moneys to other funds in accordance with Ohio Rev. Code Section 5705.14, 5705.15, and 5705.16, or adopt a resolution in accordance with Ohio Rev. Code Section 3375.391. Reference may also be made to Auditor of State Bulletin 99-013.







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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  
MAY 16, 2000**