



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

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**STATE OF OHIO**



**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Non Expendable Trust Funds – For the Year Ended December 31, 1999 .....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1998 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Non Expendable Trust Funds – For the Year Ended December 31, 1998 .....	6
Notes to the Financial Statements .....	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11

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## REPORT OF INDEPENDENT ACCOUNTANTS

Coldwater Public Library  
Mercer County  
305 West Main Street  
Coldwater, Ohio 45828

To the Board of Trustees:

We have audited the accompanying financial statements of the Coldwater Public Library, Mercer County, Ohio, (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 Library 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 April 4, 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 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

April 4, 2000



**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Other Government Grants-In-Aid	\$291,286		\$291,286
Patron Fines and Fees	7,806		7,806
Earnings on Investments	6,059	1,867	7,926
Contributions, Gifts and Donations		175	175
Miscellaneous Receipts	2,061		2,061
	<u>307,212</u>	<u>2,042</u>	<u>309,254</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	122,735		122,735
Supplies	7,754		7,754
Purchased and Contracted Services	37,820		37,820
Library Materials and Information	51,420		51,420
Other Objects	13,891		13,891
Capital Outlay	8,358	10,964	19,322
	<u>241,978</u>	<u>10,964</u>	<u>252,942</u>
<b>Total Cash Disbursements</b>			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>65,234</u>	<u>(8,922)</u>	<u>56,312</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Proceeds from Sales of Property	869		869
Transfers-In	148	40,000	40,148
Transfers-Out	(40,000)		(40,000)
	<u>(38,983)</u>	<u>40,000</u>	<u>1,017</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	26,251	31,078	57,329
Fund Cash Balances, January 1	<u>98,225</u>	<u>42,288</u>	<u>140,513</u>
<b>Fund Cash Balances, December 31</b>	<u>\$124,476</u>	<u>\$73,366</u>	<u>\$197,842</u>
Reserves for Encumbrances, December 31	<u>\$4,070</u>	<u>\$0</u>	<u>\$0</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  
NONEXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Fiduciary Fund Types</b>
	<b>Nonexpendable Trust</b>
<b>Operating Cash Receipts:</b>	
Earnings on Investments	\$0
<b>Operating Cash Disbursements:</b>	
Capital Outlay	0
Operating Income/(Loss)	0
Transfers-Out	(148)
Net Receipts Over/(Under) Disbursements	(148)
Fund Cash Balances, January 1	20,148
<b>Fund Cash Balances, December 31</b>	<b>\$20,000</b>

*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 FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$0	\$0	\$0
Other Government Grants-In-Aid	268,895	2,500	271,395
Patron Fines and Fees	6,905		6,905
Earnings on Investments	4,945		4,945
Contributions, Gifts and Donations		520	520
Miscellaneous Receipts	<u>1,299</u>		<u>1,299</u>
 Total Cash Receipts	 <u>282,044</u>	 <u>3,020</u>	 <u>285,064</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	117,259		117,259
Supplies	10,622		10,622
Purchased and Contracted Services	36,609		36,609
Library Materials and Information	39,802		39,802
Other Objects	5,255		5,255
Capital Outlay	<u>7,787</u>	<u>7,191</u>	<u>14,978</u>
 Total Cash Disbursements	 <u>217,334</u>	 <u>7,191</u>	 <u>224,525</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>64,710</u>	<u>(4,171)</u>	<u>60,539</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Proceeds from Sales of Property	<u>1,015</u>	<u>0</u>	<u>1,015</u>
 Total Other Financing Receipts/(Disbursements)	 <u>1,015</u>	 <u>0</u>	 <u>1,015</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	65,725	(4,171)	61,554
Fund Cash Balances, January 1	<u>32,500</u>	<u>46,459</u>	<u>78,959</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$98,225</u></u>	<u><u>\$42,288</u></u>	<u><u>\$140,513</u></u>
Reserves for Encumbrances, December 31	<u><u>\$4,013</u></u>	<u><u>\$0</u></u>	<u><u>4,013</u></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  
NONEXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<b>Fiduciary Fund Types</b>
	<b>Nonexpendable Trust</b>
<b>Operating Cash Receipts:</b>	
Earnings on Investments	148
<b>Operating Cash Disbursements:</b>	
Capital Outlay	0
Net Receipts Over/(Under) Disbursements	148
Fund Cash Balances, January 1	20,000
<b>Fund Cash Balances, December 31</b>	<b>\$20,148</b>

*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**

Coldwater Public Library, Mercer 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 six-member Board of Trustees appointed by the Village. 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 and U.S. Treasury Bills 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 (except those financed through enterprise or trust funds). The Library had the following significant capital project fund:

Permanent Improvement Fund - is used to account for upgrades and repairs to the Library.

**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 non expendable trust fund. The Library had the following significant fiduciary funds:

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

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

**D. Fund Accounting (Continued)**

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

Schoch Trust Fund - to establish and maintain travel library of travel books, tapes, records, videos, cassettes, or any type of item related to the area of travel.

Desch Trust Fund - to purchase books on American History, American Biography, American Historical Fiction, and purchase magazine subscriptions including but not limited to National Geographic and Arizona Highway.

**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, account 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 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.

**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.

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

The carrying amount of cash and investments at December 31 follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$69,476	\$77,747
Certificates of deposit	<u>10,000</u>	<u>10,000</u>
Total deposits	<u>79,476</u>	<u>87,747</u>
Treasury Bills	10,000	10,000
STAR Ohio	<u>128,366</u>	<u>62,914</u>
Total investments	<u>138,366</u>	<u>72,914</u>
Total deposits and investments	<u><u>\$217,842</u></u>	<u><u>\$160,661</u></u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Library.

**Investments:** U.S. Treasury Bills are held in book-entry form by the Federal Reserve, in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities. 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 December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$231,724	\$308,229	\$76,505
Capital Projects	2,500	42,042	39,542
Fiduciary	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u><u>\$234,224</u></u>	<u><u>\$350,271</u></u>	<u><u>\$116,047</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$329,683	\$286,048	\$43,635
Capital Projects	83,288	10,964	72,324
Fiduciary	<u>148</u>	<u>148</u>	<u>0</u>
Total	<u><u>\$413,119</u></u>	<u><u>\$297,160</u></u>	<u><u>\$115,959</u></u>

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

**3. BUDGETARY ACTIVITY (Continued)**

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$216,925	\$283,059	\$66,134
Capital Projects	3,500	3,020	(480)
Fiduciary	0	148	148
Total	\$220,425	\$286,227	\$65,802

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$249,425	\$221,347	\$28,078
Capital Projects	49,959	7,191	42,768
Fiduciary	0	0	0
Total	\$299,384	\$228,538	\$70,846

**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.

**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 paid all contributions required through December 31, 1999.

**6. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- General Liability
- Property Coverage
- Commercial Bond on Treasurer



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

Coldwater Public Library  
Mercer County  
305 West Main Street  
Coldwater, Ohio 45828

To the Board of Trustees:

We have audited the accompanying financial statements of the Coldwater Public Library, Mercer County, Ohio (the Library), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated April 4, 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 no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted an immaterial instance of noncompliance that we have reported to management of Library in a separate letter dated April 4, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, 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.

This report is intended 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

April 4, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**COLDWATER PUBLIC LIBRARY**

**MERCER 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 4, 2000**