



**CRESTLINE PUBLIC LIBRARY  
CRAWFORD COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**



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

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**STATE OF OHIO**



**CRESTLINE PUBLIC LIBRARY  
CRAWFORD COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Statement of Cash Receipts, Cash Disbursements, and Change in Cash Balance For the Year Ended December 31, 2000 .....	3
Statement of Cash Receipts, Cash Disbursements, and Change in Cash Balance For the Year Ended December 31, 1999 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9
Schedule of Findings .....	11

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STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street  
Columbus, Ohio 43215  
Telephone 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Crestline Public Library  
Crawford County  
324 North Thoman Street  
Crestline, Ohio 44827

To the Board of Trustees:

We have audited the accompanying financial statements of the Crestline Public Library, Crawford County, Ohio, (the Library) as of and for the years ended December 31, 2000 and December 31, 1999. 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 cash balances of the Library as of December 31, 2000 and December 31, 1999, 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 March 7, 2001 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 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.

**JIM PETRO**  
Auditor of State

March 7, 2001

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**CRESTLINE PUBLIC LIBRARY  
CRAWFORD COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2000**

<b>Cash Receipts:</b>	
Taxes	\$565,718
Patron Fines and Fees	12,417
Earnings on Investments	69,113
Contributions, Gifts and Donations	4,315
Miscellaneous Receipts	<u>5,700</u>
 Total Cash Receipts	 <u>657,263</u>
 <b>Cash Disbursements:</b>	
Current:	
Salaries and Benefits	188,995
Supplies	27,748
Purchased and Contracted Services	47,068
Library Materials	121,624
Other Objects	4,172
Capital Outlay	<u>230,484</u>
 Total Cash Disbursements	 <u>620,091</u>
 Total Cash Receipts Over Cash Disbursements	 37,172
 Cash Balance, January 1	 <u>1,463,118</u>
 <b>Cash Balance, December 31</b>	 <b><u><u>\$1,500,290</u></u></b>

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

**CRESTLINE PUBLIC LIBRARY  
CRAWFORD COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 1999**

<b>Cash Receipts:</b>	
Taxes	\$525,059
Patron Fines and Fees	11,047
Earnings on Investments	60,035
Contributions, Gifts and Donations	3,241
Miscellaneous Receipts	<u>9,843</u>
 Total Cash Receipts	 <u>609,225</u>
 <b>Cash Disbursements:</b>	
Current:	
Salaries and Benefits	174,172
Supplies	15,117
Purchased and Contracted Services	52,375
Library Materials	94,421
Other Objects	2,133
Capital Outlay	<u>46,094</u>
 Total Cash Disbursements	 <u>384,312</u>
 Total Cash Receipts Over Cash Disbursements	 224,913
 Cash Balance, January 1	 <u>1,238,205</u>
 <b>Cash Balance, December 31</b>	 <b><u><u>\$1,463,118</u></u></b>

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



**CRESTLINE PUBLIC LIBRARY  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Crestline Public Library, Crawford County, Ohio, (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 Crestline Exempted Village 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**

Certificates of deposits are valued at cost.

**D. 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. 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.

**CRESTLINE PUBLIC LIBRARY  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(continued)**

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

**D. Budgetary Process (Continued)**

3. Encumbrances

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**E. 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.

**F. 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 CASH**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 follows:

	<u>2000</u>	<u>1999</u>
Deposits	\$322,494	\$286,875
Certificates of deposit	1,177,746	1,176,193
Petty cash	50	50
Total deposits and petty cash	\$1,500,290	\$1,463,118

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Library, or (3) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

<b>2000 Budgeted vs. Actual Receipts</b>			
	Budgeted Receipts	Actual Receipts	Variance
	\$565,000	\$657,263	\$92,263

**CRESTLINE PUBLIC LIBRARY  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2000 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
	Appropriation Authority	Budgetary Expenditures	Variance
	<u>\$1,994,796</u>	<u>\$620,091</u>	<u>\$1,374,705</u>
<b>1999 Budgeted vs. Actual Receipts</b>			
	Budgeted Receipts	Actual Receipts	Variance
	<u>\$539,638</u>	<u>\$609,225</u>	<u>\$69,587</u>
<b>1999 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
	Appropriation Authority	Budgetary Expenditures	Variance
	<u>\$1,777,843</u>	<u>\$384,312</u>	<u>\$1,393,531</u>

**4. 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 from January 1, 1999 - June 30, 2000. Due to a rollback in employer contribution rates, this amount was reduced to 8.13% from July 1, 2000 - December 31, 2000. The Library has paid all contributions required through December 31, 2000.

**6. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

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35 North Fourth Street  
Columbus, Ohio 43215  
Telephone 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
www.auditor.state.oh.us

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

Crestline Public Library  
Crawford County  
324 North Thoman Street  
Crestline, Ohio 44827

To the Board of Trustees:

We have audited the accompanying financial statements of the Crestline Public Library, Crawford County, Ohio (the Library), as of and for the years ended December 31, 2000, and December 31, 1999, and have issued our report thereon dated March 7, 2001. 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 certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated March 7, 2001.

**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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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. This reportable condition is described in the accompanying schedule of findings as item 2000-00517-001.

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, we do not believe the reportable condition described above is a material weakness. We also noted another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of Library in a separate letter dated March 7, 2001.

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.

**JIM PETRO**  
Auditor of State

March 7, 2001

**CRESTLINE PUBLIC LIBRARY  
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

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

**FINDING NUMBER 2000-00517-001**

**Bank Reconciliations/Preparation of Annual Report**

Monthly bank reconciliations were not properly performed throughout 1999 and 2000. These reconciliations included unsupported adjustments to the Library's records in order to reconcile to bank balances. In addition, the receipts ledger and appropriations ledger were not summarized and reconciled to the cash journal each month. Several adjustments were required to be made to the financial statements due to addition and posting errors in the receipts ledger and appropriations ledger.

When cash reconciliations are not properly performed, monthly fund balances may be understated or overstated and management can not be assured that the statements reflect the proper financial activities of the Library. Also, lack of legislative monitoring of the monthly bank reconciliations may lead to errors or irregularities without detection of management.

We recommend that when the Clerk/Treasurer performs monthly bank reconciliations, all discrepancies between the amounts on the bank statement and the fund balances on the Library's records be investigated and resolved in a timely manner. The Clerk/Treasurer should also ensure the annual report agrees to the cash journal, receipts ledger, and appropriations ledger. In addition, the bank reconciliations, including supporting documentation, should be reviewed by the Board of Trustees in order to assure accuracy and that any errors and/or irregularities are detected in a timely manner.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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

**CRESTLINE PUBLIC LIBRARY**

**CRAWFORD 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  
APRIL 3, 2001**