



**PREBLE COUNTY DISTRICT LIBRARY  
PREBLE COUNTY**

**REGULAR AUDIT**

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



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

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**STATE OF OHIO**



**PREBLE COUNTY DISTRICT LIBRARY  
PREBLE COUNTY**

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

250 West Court Street  
Suite 150 E  
Cincinnati, Ohio 45202  
Telephone 513-361-8550  
800-368-7419  
Facsimile 513-361-8577  
www.auditor.state.oh.us

## INDEPENDENT ACCOUNTANTS' REPORT

Preble County District Library  
Preble County  
450 South Barron Street  
Eaton, Ohio 45320

To the Board of Trustees:

We have audited the accompanying financial statements of Preble County District Library, Preble County, Ohio (the Library), as of and for the years ended December 31, 2000 and 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 combined fund cash balances and reserves for encumbrances of the Library as of December 31, 2000 and 1999, 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 May 16, 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.

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Preble County  
Independent Accountants' Report  
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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

May 16, 2001

PREBLE COUNTY DISTRICT LIBRARY  
PREBLE COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Taxes	\$1,404,171			\$1,404,171
Patron Fines and Fees	10,274			10,274
Earnings on Investments	33,155		\$188	33,343
Contributions, Gifts and Donations	679	\$184,942		185,621
Miscellaneous Receipts	25,317			25,317
<b>Total Cash Receipts</b>	<u>1,473,596</u>	<u>184,942</u>	<u>188</u>	<u>1,658,726</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	667,321			667,321
Purchased and Contracted Services	146,624			146,624
Other Objects	360,200			360,200
Capital Outlay	136,057	91,599		227,656
<b>Total Cash Disbursements</b>	<u>1,310,202</u>	<u>91,599</u>	<u>0</u>	<u>1,401,801</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>163,394</u>	<u>93,343</u>	<u>188</u>	<u>256,925</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		125,000		125,000
Transfers-Out	(125,000)			(125,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(125,000)</u>	<u>125,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	38,394	218,343	188	256,925
Fund Cash Balances, January 1	298,159	250,000	3,259	551,418
<b>Fund Cash Balances, December 31</b>	<u><b>\$336,553</b></u>	<u><b>\$468,343</b></u>	<u><b>\$3,447</b></u>	<u><b>\$808,343</b></u>
Reserves for Encumbrances, December 31	<u>\$16,264</u>	<u>\$0</u>	<u>\$0</u>	<u>\$16,264</u>

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

PREBLE COUNTY DISTRICT LIBRARY  
PREBLE COUNTY

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Taxes	\$1,066,997	\$250,000		\$1,316,997
Patron Fines and Fees	12,466			12,466
Earnings on Investments	5,887		\$236	6,123
Contributions, Gifts and Donations	131,388			131,388
Miscellaneous Receipts	30,373			30,373
<b>Total Cash Receipts</b>	<u>1,247,111</u>	<u>250,000</u>	<u>236</u>	<u>1,497,347</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	563,607			563,607
Purchased and Contracted Services	164,567			164,567
Other Objects	321,427			321,427
Capital Outlay	267,025			267,025
<b>Total Cash Disbursements</b>	<u>1,316,626</u>	<u>0</u>	<u>0</u>	<u>1,316,626</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>(69,515)</u>	<u>250,000</u>	<u>236</u>	<u>180,721</u>
<b>Fund Cash Balances, January 1</b>	<u>367,674</u>	<u>0</u>	<u>3,023</u>	<u>370,697</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$298,159</b></u>	<u><b>\$250,000</b></u>	<u><b>\$3,259</b></u>	<u><b>\$551,418</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$8,441</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$8,441</b></u>

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



**PREBLE COUNTY DISTRICT LIBRARY  
PREBLE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Preble County District Library, Preble 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. Four Board members are appointed by the Preble County Commissioners and three are appointed by the Preble County Common Pleas Judge. 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. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposits are valued at cost. The investment in STAROhio (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:

Building Fund - Used to record the related receipts and expenditures of the Library's building fund.

**PREBLE COUNTY DISTRICT LIBRARY  
PREBLE COUNTY**

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

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

**3. Fiduciary Funds (Expendable Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements. The Library had the following significant Fiduciary Fund:

Scott Sheley Fund - Used to record the receipts and expenditures of the Scott Sheley Trust Fund. The Library has no disbursements from the trust fund during 2000 and 1999.

**E. Budgetary Process**

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

**1. Appropriations**

The Ohio Administrative Code (Section 117-4-07) requires each library on or about the first day of each year to pass an appropriation measure which can be amended during the year. Each Board must maintain an appropriation and authorization ledger.

**2. Estimated Resources**

The Ohio Administrative Code (Section 114-4-10) requires each library on or about the first day of each year to certify to the County Auditor the total amount from all sources for expenditure from each fund in the tax budget, with any balances that existed at the end of the preceding year. Upon determination by the Clerk-Treasurer that the revenue collected by the Board will be greater or less than the amount included in an official certificate, the Clerk-Treasurer certifies the amount of excess or deficiency to the budget commission.

**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 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as 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 basis of accounting used by the Library.

**PREBLE COUNTY DISTRICT LIBRARY  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(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 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$239,945	\$541,572
Certificate of deposit	<u>303,224</u>	<u>3,037</u>
Total deposits	<u>543,169</u>	<u>544,609</u>
STAROhio	<u>264,874</u>	<u>6,654</u>
Total investments	<u>264,874</u>	<u>6,654</u>
Cash on hand	<u>300</u>	<u>155</u>
Total deposits and investments	<u><u>\$808,343</u></u>	<u><u>\$551,418</u></u>

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

**Investments:** Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,359,187	\$1,473,596	\$114,409
Capital Projects	179,742	309,942	130,200
Fiduciary	<u>0</u>	<u>188</u>	<u>188</u>
Total	<u><u>\$1,538,929</u></u>	<u><u>\$1,783,726</u></u>	<u><u>\$244,797</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,449,160	\$1,451,466	(\$2,306)
Capital Projects	91,599	91,599	0
Fiduciary	<u>200</u>	<u>0</u>	<u>200</u>
Total	<u><u>\$1,540,959</u></u>	<u><u>\$1,543,065</u></u>	<u><u>(\$2,106)</u></u>

**PREBLE COUNTY DISTRICT LIBRARY  
PREBLE COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,394,158	\$1,247,111	(\$147,047)
Capital Projects	0	250,000	250,000
Fiduciary	100	236	136
Total	\$1,394,258	\$1,497,347	\$103,089

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,496,618	\$1,325,067	\$171,551
Capital Projects	0	0	0
Fiduciary	500	0	500
Total	\$1,497,118	\$1,325,067	\$172,051

**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 SYSTEMS**

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. PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries in 1999 and 10.84% in 2000. The Library has paid all contributions required through December 31, 2000.

**6. RISK MANAGEMENT**

The Library has obtained commercial insurance for the comprehensive property and general liability, vehicles, and errors and omissions risks. The Library also provides health insurance coverage to full-time employees through a private carrier.

**PREBLE COUNTY DISTRICT LIBRARY  
PREBLE COUNTY**

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

**7. RELATED PARTIES**

The Library purchased various items from two board members who own businesses within Preble County. The Library spent \$862 in 1999 and \$3,934 in 2000 at these two businesses.

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OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

250 West Court Street  
Suite 150 E  
Cincinnati, Ohio 45202  
Telephone 513-361-8550  
800-368-7419  
Facsimile 513-361-8577  
www.auditor.state.oh.us

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Preble County District Library  
Preble County  
450 South Barron Street  
Eaton, Ohio 45320

To the Board of Trustees:

We have audited the accompanying financial statements of the Preble County District Library, Preble County, Ohio (the Library), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 16, 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 May 16, 2001.

### 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. However, we noted matters 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 May 16, 2001.

Preble County District Library  
Preble County  
Report on Compliance and on Internal Control Required by  
*Government Auditing Standards*  
Page 2

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

May 16, 2001





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

**PREBLE COUNTY DISTRICT LIBRARY**

**PREBLE 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 29, 2001**