



**SWANTON PUBLIC LIBRARY
FULTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**SWANTON PUBLIC LIBRARY
FULTON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Swanton Public Library
Fulton County
305 Chestnut Street
Swanton, Ohio 43558-1305

To the Board of Trustees:

We have audited the accompanying financial statements of Swanton Public Library (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 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 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 March 15, 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 the 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 15, 2001

**SWANTON PUBLIC LIBRARY
FULTON COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	
Cash Receipts:			
Other Government Grants-In-Aid	\$410,211		\$410,211
Patron Fines and Fees	15,208		15,208
Earnings on Investments	11,275		11,275
Contributions, Gifts and Donations	5,779		5,779
Miscellaneous Receipts	711		711
	<u>443,184</u>		<u>443,184</u>
Total Cash Receipts			
	<u>443,184</u>		<u>443,184</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	244,375		244,375
Supplies	9,300		9,300
Purchased and Contracted Services	76,867		76,867
Library Materials and Information	45,945		45,945
Other Objects	6,498		6,498
Debt Service:			
Redemption of Principal		\$6,081	6,081
Interest Payments and Other Financing Fees and Costs		2,058	2,058
Capital Outlay	69,873		69,873
	<u>452,858</u>	<u>8,139</u>	<u>460,997</u>
Total Cash Disbursements			
	<u>452,858</u>	<u>8,139</u>	<u>460,997</u>
Total Cash Disbursements Over Cash Receipts	<u>(9,674)</u>	<u>(8,139)</u>	<u>(17,813)</u>
Other Financing Receipts/(Disbursements):			
Proceeds of Notes	70,000		70,000
Transfers-In		8,139	8,139
Transfers-Out	(8,139)		(8,139)
	<u>61,861</u>	<u>8,139</u>	<u>70,000</u>
Total Other Financing Receipts/(Disbursements)			
	<u>61,861</u>	<u>8,139</u>	<u>70,000</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	52,187		52,187
Fund Cash Balances, January 1	<u>176,661</u>		<u>176,661</u>
Fund Cash Balances, December 31	<u><u>\$228,848</u></u>		<u><u>\$228,848</u></u>
Reserves for Encumbrances, December 31	<u><u>\$65,473</u></u>		<u><u>\$65,473</u></u>

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

**SWANTON PUBLIC LIBRARY
FULTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Earnings on Investments	\$214
Operating Cash Disbursements:	
Library Materials and Information	<u>214</u>
Operating Income	
Fund Cash Balances, January 1	<u>3,855</u>
Fund Cash Balances, December 31	<u><u>\$3,855</u></u>
Reserves for Encumbrances, December 31	<u><u> </u></u>

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

**SWANTON PUBLIC LIBRARY
FULTON COUNTY**

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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Debt Service	
Cash Receipts:			
Other Government Grants-In-Aid	\$376,215		376,215
Patron Fines and Fees	14,522		14,522
Earnings on Investments	7,240		7,240
Contributions, Gifts and Donations	7,597		7,597
Miscellaneous Receipts	9,982		9,982
 Total Cash Receipts	 415,556		 415,556
Cash Disbursements:			
Current:			
Salaries and Benefits	235,691		235,691
Supplies	8,039		8,039
Purchased and Contracted Services	66,788		66,788
Library Materials and Information	45,451		45,451
Other Objects	6,694		6,694
Debt Service:			
Redemption of Principal		\$31,100	31,100
Interest Payments and Other Financing Fees and Costs		1,350	1,350
Capital Outlay	1,539		1,539
 Total Cash Disbursements	 364,202	 32,450	 396,652
 Total Cash Receipts Over/(Under) Cash Disbursements	 51,354	 (32,450)	 18,904
 Other Financing Receipts/(Disbursements):			
Transfers-In		32,450	32,450
Transfers-Out	(32,450)		(32,450)
 Total Other Financing Receipts/(Disbursements)	 (32,450)	 32,450	
 Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	 18,904		 18,904
 Fund Cash Balances, January 1	 157,757		 157,757
 Fund Cash Balances, December 31	 \$176,661		 \$176,661
 Reserves for Encumbrances, December 31	 \$34,682		 \$34,682

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

**SWANTON PUBLIC LIBRARY
FULTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Earnings on Investments	\$189
Operating Cash Disbursements:	
Library Materials and Information	<u>189</u>
Operating Income	
Fund Cash Balances, January 1	<u>3,855</u>
Fund Cash Balances, December 31	<u><u>\$3,855</u></u>
Reserves for Encumbrances, December 31	<u><u> </u></u>

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

**SWANTON PUBLIC LIBRARY
FULTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Swanton Public Library, Fulton 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 Swanton Local 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

Certificates of deposit are valued at cost.

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. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness:

The debt service fund is used for the payment of general obligation notes payable to a local bank.

**SWANTON PUBLIC LIBRARY
FULTON COUNTY**

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

3. Fiduciary Funds (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 a nonexpendable trust fund.

Nonexpendable Trust Fund - Income generated from this fund is used for book purchases.

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 or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 re-appropriated.

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 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.

**SWANTON PUBLIC LIBRARY
FULTON COUNTY**

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

2. EQUITY IN POOLED CASH

The Library maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$49,239	\$32,052
Certificates of deposit	<u>183,464</u>	<u>148,464</u>
Total deposits	<u><u>\$232,703</u></u>	<u><u>\$180,516</u></u>

Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool. The Library has \$60 cash on hand included with deposits.

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$418,837	\$513,184	\$94,347
Debt Service	8,139	8,139	
Fiduciary	<u>200</u>	<u>214</u>	<u>14</u>
Total	<u><u>\$427,176</u></u>	<u><u>\$521,537</u></u>	<u><u>\$94,361</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$597,617	\$526,470	\$71,147
Debt Service	8,139	8,139	
Fiduciary	<u>4,055</u>	<u>214</u>	<u>3,841</u>
Total	<u><u>\$609,811</u></u>	<u><u>\$534,823</u></u>	<u><u>\$74,988</u></u>

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$383,041	\$415,556	\$32,515
Debt Service	16,660	32,450	15,790
Fiduciary	<u>201</u>	<u>189</u>	<u>(12)</u>
Total	<u><u>\$399,902</u></u>	<u><u>\$448,195</u></u>	<u><u>\$48,293</u></u>

**SWANTON PUBLIC LIBRARY
FULTON COUNTY**

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

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$540,797	\$431,334	\$109,463
Debt Service	16,660	32,450	(15,790)
Fiduciary	4,056	189	3,867
Total	\$561,513	\$463,973	\$97,540

Contrary to Ohio Administrative Code § 117-4-07(D), expenditures have exceeded appropriations for the Debt Service Fund in 1999 for \$15,790.

4. TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State Tax Commissioner is responsible for estimating to the county auditor the amount of LLGSF revenue expected for the next calendar year. The State Auditor's office sends the money each month to the county auditor's office who in turn is charged with distributing by the 15th of each month the agreed upon allocation of funds to the individual libraries within their jurisdiction. Fulton County Budget Commission utilizes a distribution formula agreed upon by the libraries within the county's jurisdiction. 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. Payments are due to the County by December 31. If the property owner elects to make 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

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
General Obligation Note	\$63,919	6.10%

**SWANTON PUBLIC LIBRARY
FULTON COUNTY**

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

The Library borrowed from the local bank \$70,000 for purpose of replacing a portion of the library roof. The note is payable monthly over a five-year period. The general obligation note is secured with a Certificate of Deposit in the same amount over the five year period.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Notes
2001	\$16,279
2002	16,279
2003	16,279
2004	16,279
2005	8,139
Total	<u>\$73,255</u>

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

7. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Errors and omissions.

The Library also provides health insurance coverage to full-time employees through a private carrier.

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

Swanton Public Library
Fulton County
305 Chestnut Street
Swanton, Ohio 43558-1305

To the Board of Trustees:

We have audited the accompanying financial statements of Swanton Public Library (the Library) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 15, 2001. 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 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 2000-00126-001. We have also noted a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated March 15, 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. 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 March 15, 2001.

Swanton Public Library
Fulton County
Report of Independent Accountants 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

March 15, 2001

**SWANTON PUBLIC LIBRARY
FULTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000**

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

FINDING NUMBER 2000-00126-001

Noncompliance Citation

Ohio Administrative Code § 117-4-07(D) prohibits a library from making expenditures without lawful appropriation. Disbursements exceeded appropriations within the Debt Service Fund for \$15,790 for fiscal year 1999. Appropriations were based on estimated revenues and unencumbered fund balances available at beginning of the fiscal year. The Library had transferred money into the Debt Service Fund sufficient to pay off a general obligation note. The Certificate of Estimated Resources and appropriations were not amended. We recommend that the board amend their Certificate of Estimated Resources and appropriations when receipts are greater than that initially anticipated and expenditures are going to exceed appropriations.



STATE OF OHIO
OFFICE OF THE AUDITOR

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SWANTON PUBLIC LIBRARY

FULTON 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 5, 2001**