



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

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**STATE OF OHIO**



**SENECA EAST PUBLIC LIBRARY  
SENECA COUNTY**

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

One Government Center  
Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Seneca East Public Library  
Seneca County  
14 North Main Street  
P.O. Box 572  
Attica, Ohio 44807-0572

To the Board of Trustees:

We have audited the accompanying financial statements of the Seneca East Public Library (the Library) as of and for the years ended December 31, 2001 and 2000. 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 auditing standards generally accepted in the United States of America 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 of the Library as of December 31, 2001 and 2000, 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 3, 2002 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 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 3, 2002

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**SENECA EAST PUBLIC LIBRARY  
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<b>Governmental Fund Types</b>	
	<b>General</b>	<b>Special Revenue</b>
<b>Cash Receipts:</b>		
Property and Other Local Taxes	\$177,292	
Patron Fines and Fees	2,544	
Earnings on Investments	430	\$366
Contributions, Gifts and Donations	18,196	
Miscellaneous Receipts	1,150	
	199,612	366
<b>Total Cash Receipts</b>	<b>199,612</b>	<b>366</b>
<b>Cash Disbursements:</b>		
Current:		
Salaries and Benefits	83,289	
Supplies	6,223	
Purchased and Contracted Services	35,154	
Library Materials and Information	33,723	
Other Objects	9,672	
Debt Service:		
Redemption of Principal		
Interest Payments and Other Financing Fees and Costs		
Capital Outlay	4,705	244
	172,766	244
<b>Total Cash Disbursements</b>	<b>172,766</b>	<b>244</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>26,846</b>	<b>122</b>
<b>Other Financing Receipts/(Disbursements):</b>		
Proceeds of Notes		
Transfers-In		
Transfers-Out	(17,700)	
	(17,700)	
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(17,700)</b>	
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>9,146</b>	<b>122</b>
<b>Fund Cash Balances, January 1</b>	<b>19,915</b>	<b>5,550</b>
<b>Fund Cash Balances, December 31</b>	<b>\$29,061</b>	<b>\$5,672</b>

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



<u>Governmental Fund Types</u>		<u>Totals</u>
<u>Debt Service</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
		\$177,292
		2,544
		796
	\$9,751	27,947
		1,150
	<u>9,751</u>	<u>209,729</u>
		83,289
		6,223
	3,455	38,609
		33,723
		9,672
88,135		88,135
9,041		9,041
	<u>122,376</u>	<u>127,325</u>
<u>97,176</u>	<u>125,831</u>	<u>396,017</u>
<u>(97,176)</u>	<u>(116,080)</u>	<u>(186,288)</u>
79,476	85,335	164,811
17,700		17,700
		<u>(17,700)</u>
<u>97,176</u>	<u>85,335</u>	<u>164,811</u>
	(30,745)	(21,477)
	<u>31,100</u>	<u>56,565</u>
	<b><u>\$355</u></b>	<b><u>\$35,088</u></b>

**SENECA EAST PUBLIC LIBRARY  
SENECA 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**

	<b>Governmental Fund Types</b>	
	<b>General</b>	<b>Special Revenue</b>
<b>Cash Receipts:</b>		
Property and Other Local Taxes	\$174,124	
Patron Fines and Fees	2,854	
Earnings on Investments	923	\$241
Contributions, Gifts and Donations	17,431	
Miscellaneous Receipts	2,982	
	198,314	241
<b>Total Cash Receipts</b>		
<b>Cash Disbursements:</b>		
Current:		
Salaries and Benefits	76,805	
Supplies	5,282	
Purchased and Contracted Services	40,578	
Library Materials and Information	31,206	
Other Objects	6,678	
Debt Service:		
Redemption of Principal		
Interest Payments and Other Financing Fees and Costs		
Capital Outlay	14,755	156
	175,304	156
<b>Total Cash Disbursements</b>		
Total Cash Receipts Over/(Under) Cash Disbursements	23,010	85
<b>Other Financing Receipts/(Disbursements):</b>		
Proceeds of Notes		
Transfers-In		
Transfers-Out	(30,216)	
	(30,216)	
<b>Total Other Financing Receipts/(Disbursements)</b>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(7,206)	85
Fund Cash Balances, January 1 (restated)	27,121	5,465
<b>Fund Cash Balances, December 31</b>	<b>\$19,915</b>	<b>\$5,550</b>

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

<u>Governmental Fund Types</u>		<u>Totals</u>
<u>Debt Service</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
		\$174,124
		2,854
		1,164
	\$44,364	61,795
		2,982
	<u>44,364</u>	<u>242,919</u>
		76,805
		5,282
	14,592	55,170
		31,206
		6,678
\$8,126		8,126
2,650		2,650
	<u>118,007</u>	<u>132,918</u>
<u>10,776</u>	<u>132,599</u>	<u>318,835</u>
<u>(10,776)</u>	<u>(88,235)</u>	<u>(75,916)</u>
	68,000	68,000
10,776	19,440	30,216
		<u>(30,216)</u>
<u>10,776</u>	<u>87,440</u>	<u>68,000</u>
	(795)	(7,916)
	<u>31,895</u>	<u>64,481</u>
	<b><u>\$31,100</u></b>	<b><u>\$56,565</u></b>

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**SENECA EAST PUBLIC LIBRARY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Seneca East Public Library, Seneca 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 Ohio. The Library is directed by a seven-member Board of Trustees appointed by Seneca East 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 deposit are valued at cost. Corporate common stock is valued at market value as of the date of the bequest.

**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. Special Revenue Fund**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

The Special Revenue Fund is used to purchase certain equipment for the Library from interest earned on the certificate of deposit.

**SENECA EAST PUBLIC LIBRARY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. Debt Service Fund**

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

The Debt Service Fund records the payments for the Library's loans.

**4. Capital Project Fund**

This fund is 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:

The Building Fund is used to record the receipts and expenditures for the Behm Building project.

**E. Budgetary Process**

The Ohio Administrative Code requires budgeting for each fund annually.

**1. Appropriations**

The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances in 2000, and disbursements in 2001) may not exceed appropriations at the fund and function level of control.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are not required to estimate resources or encumber appropriations.

A summary of 2001 and 2000 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.

**SENECA EAST PUBLIC LIBRARY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

**2. EQUITY IN POOLED CASH**

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

	2001	2000
Demand deposits	\$23,972	\$45,571
Certificate of deposit	5,672	5,550
Total deposits	29,644	51,121
Corporate common stock	5,444	5,444
Total deposits and investments	\$35,088	\$56,565

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**Investments:** Corporate common stock certificates are held by the library.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$212,676	\$190,466	\$22,210
Special Revenue	244	244	
Debt Service	17,700	97,176	(79,476)
Capital Projects	149,338	125,831	23,507
Total	\$379,958	\$413,717	(\$33,759)

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$179,133	\$198,314	\$19,181
Special Revenue	156	241	85
Debt Service		10,776	10,776
Capital Projects	136,440	131,804	(4,636)
Total	\$315,729	\$341,135	\$25,406

**SENECA EAST PUBLIC LIBRARY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$199,143	\$205,520	(\$6,377)
Special Revenue	156	156	
Debt Service	10,776	10,776	
Capital Projects	168,335	132,599	35,736
Total	\$378,410	\$349,051	\$29,359

**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 based on of any additional revenues the Library receives.

**5. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$179,167	4.5%- 5%

The General Obligation Notes relate to a loan taken out in 1992 to improve the Library building and a loan taken out in 1999 to purchase the Behm Building for expansion. The 1999 note was refinanced in 2001.

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

Year ending December 31:	General Obligation Notes
2002	\$17,700
2003	17,700
2004	17,700
2005	17,700
2006	17,700
2007 - 2011	88,500
2012 - 2016	81,105
Total	\$258,105



**SENECA EAST PUBLIC LIBRARY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**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. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Library has paid all contributions required through December 31, 2001.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

**8. PRIOR PERIOD ADJUSTMENT**

The Library had previously omitted a donation of corporate common stock from its financial statements. The effect of this adjustment on fund balance and excess of disbursements over receipts as previously reported was as follows:

	<b>General Fund</b>
Fund Balance at December 31, 1999	\$21,677
Adjustment	5,444
Restated Fund Balance at January 1, 2000	\$27,121
Excess of Disbursements Over Receipts for the Year Ended December 31, 1999	(\$9,047)
Adjustment	5,444
Restated Excess of Disbursements Over Receipts	(\$3,603)

**9. FUND RECLASSIFICATION**

The Library reclassified its Expendable Trust Fund to the General Fund as of January 1, 2000. There was no effect on fund balances as previously reported.

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JIM PETRO, AUDITOR OF STATE

One Government Center  
Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

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

Seneca East Public Library  
Seneca County  
14 North Main Street  
P.O. Box 572  
Attica, Ohio 44807-0572

To the Board of Trustees:

We have audited the accompanying financial statements of Seneca East Public Library (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 3, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated April 3, 2002.

**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 April 3, 2002.

Seneca East Public Library  
Seneca County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended solely 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 3, 2002



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

**SENECA EAST PUBLIC LIBRARY**

**SENECA 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 9, 2002**