



**Auditor of State  
Betty Montgomery**





Mary Taylor, CPA  
Auditor of State

January 17, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

*Mary Taylor*

MARY TAYLOR, CPA  
Auditor of State

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**BUCYRUS PUBLIC LIBRARY  
CRAWFORD COUNTY**

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**Auditor of State  
Betty Montgomery**

Bucyrus Public Library  
Crawford County  
200 East Mansfield Street  
Bucyrus, Ohio 44820

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

November 14, 2006

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Bucyrus Public Library  
Crawford County  
200 East Mansfield Street  
Bucyrus, Ohio 44820

To the Board of Trustees:

We have audited the accompanying financial statements of the Bucyrus Public Library, Crawford County, Ohio, (the Library) as of and for the years ended December 31, 2005 and 2004. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005, and December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Library has elected not to reformat its statements. Since this Library does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005, and December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2005, and December 31, 2004, or its changes in financial position for the years then ended.

Also, 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 Bucyrus Public Library, Crawford County, Ohio, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the years ended December 31, 2005, and December 31, 2004. The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2006, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

November 14, 2006

**BUCYRUS PUBLIC LIBRARY  
CRAWFORD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Library Local Government Support	\$639,806	\$0	\$0	\$639,806
Patrons Fines and Fees	10,877	0	0	10,877
Earnings on Investments	80,875	8,255	119	89,249
Contributions, Gifts and Donations	20,340	0	14,740	35,080
Other Receipts	5,124	0	0	5,124
	<u>757,022</u>	<u>8,255</u>	<u>14,859</u>	<u>780,136</u>
Total Cash Receipts				
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	341,731	0	0	341,731
Purchased and Contracted Services	83,329	0	0	83,329
Library Materials	83,201	0	6,571	89,772
Supplies	28,640	0	0	28,640
Other Objects	4,481	0	0	4,481
Capital Outlay	6,267	31,013	0	37,280
	<u>547,649</u>	<u>31,013</u>	<u>6,571</u>	<u>585,233</u>
Total Cash Disbursements				
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>209,373</u>	<u>(22,758)</u>	<u>8,288</u>	<u>194,903</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	0	220,000	0	220,000
Transfers-Out	(220,000)	0	0	(220,000)
	<u>(220,000)</u>	<u>220,000</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(10,627)	197,242	8,288	194,903
Fund Cash Balances, January 1, 2005	<u>213,081</u>	<u>1,346,006</u>	<u>1,829,351</u>	<u>3,388,438</u>
<b>Fund Cash Balances, December 31, 2005</b>	<b><u>\$202,454</u></b>	<b><u>\$1,543,248</u></b>	<b><u>\$1,837,639</u></b>	<b><u>\$3,583,341</u></b>
Reserve for Encumbrances, December 31, 2005	<u>\$17,610</u>	<u>\$0</u>	<u>\$0</u>	<u>\$17,610</u>

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

**BUCYRUS PUBLIC LIBRARY  
CRAWFORD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>					
Library Local Government Support	\$636,310	\$0	\$0	\$0	\$636,310
Patrons Fines and Fees	9,712	0	0	0	9,712
Earnings on Investments	53,862	0	14,558	199	68,619
Contributions, Gifts and Donations	13,757	0	0	9,616	23,373
Other Receipts	5,947	0	0	0	5,947
	<u>719,588</u>	<u>0</u>	<u>14,558</u>	<u>9,815</u>	<u>743,961</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
Salaries and Benefits	331,340	0	0	0	331,340
Purchased and Contracted Services	105,760	0	0	0	105,760
Library Materials	81,146	0	0	11,265	92,411
Supplies	28,984	0	0	0	28,984
Other Objects	7,504	0	0	0	7,504
Capital Outlay	6,398	2,605	14,945	0	23,948
	<u>561,132</u>	<u>2,605</u>	<u>14,945</u>	<u>11,265</u>	<u>589,947</u>
<b>Total Cash Disbursements</b>					
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>158,456</u>	<u>(2,605)</u>	<u>(387)</u>	<u>(1,450)</u>	<u>154,014</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In	0	0	220,000	0	220,000
Transfers-Out	(220,000)	0	0	0	(220,000)
	<u>(220,000)</u>	<u>0</u>	<u>220,000</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(61,544)	(2,605)	219,613	(1,450)	154,014
Fund Cash Balances, January 1, 2004	<u>274,625</u>	<u>2,605</u>	<u>1,126,393</u>	<u>1,830,801</u>	<u>3,234,424</u>
<b>Fund Cash Balances, December 31, 2004</b>	<u><b>\$213,081</b></u>	<u><b>\$0</b></u>	<u><b>\$1,346,006</b></u>	<u><b>\$1,829,351</b></u>	<u><b>\$3,388,438</b></u>
Reserve for Encumbrances, December 31, 2004	<u>\$12,616</u>	<u>\$0</u>	<u>\$174,562</u>	<u>\$1,978</u>	<u>\$189,156</u>

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

**BUCYRUS PUBLIC LIBRARY  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Bucyrus Public Library, Crawford County, Ohio, (the Library) as a body corporate and politic. The City of Bucyrus appoints a six-member Board of Trustees to govern the Library. 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 the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

**C. Cash and Investments**

The Library's accounting basis includes investments as assets. Accordingly, the Library does not record investment purchases as disbursements or investment sales as receipts. The Library records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library values certificates of deposit at cost. Common stock is valued at fair value when donated. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual fund reports.

**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 accounts for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds 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:

Timken Grant Fund – This fund receives grant money from the Timken Foundation for enhancement of the Library.

**BUCYRUS PUBLIC LIBRARY  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

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

**D. Fund Accounting (Continued)**

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through trust funds). The Library had the following significant Capital Project Fund:

Building Fund – This fund receives money for the acquisition of an additional building for the Library.

**4. Fiduciary Funds (Trust Funds)**

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the Library classifies the activity as a nonexpendable trust fund. The Library classifies other trust funds as expendable. The Library had the following significant Fiduciary Funds:

Ursula Mills Expendable Trust Fund – This fund receives money from contributions, gifts, and donations. The revenue is used for the purchase of books for the Library.

Eleanor Lamb Non-Expendable Trust Fund – This fund receives money from interest earned on the Eleanor Lamb Trust. The revenue earned is used for the purchase of books for the Library.

Metzger Non-Expendable Trust Fund – This fund receives money from interest earned on the Gayl C. and Myrna M. Metzger Trust. The revenue earned is used for the purchase of books for the Library.

**E. Budgetary Process**

The Ohio Administrative Code requires budgeting for each fund annually. The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**BUCYRUS PUBLIC LIBRARY  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Library maintains a cash and investments pool all funds use except the non-expendable trust funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	2004	2005
Deposits	\$46,367	\$95,323
Certificates of deposit	2,482,577	1,732,577
Money market	854,436	288,444
Petty cash	100	100
Total deposits and petty cash	3,383,480	2,116,444
STAR Ohio	0	1,461,939
Common stock	4,958	4,958
Total investments	4,958	1,466,897
Total deposits and investments	\$3,388,438	\$3,583,341

**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.

**Investments:** Investments in STAR Ohio are not evidenced by securities existing in physical or book-entry form. Equity securities are held in book entry form by a financial institution's trust department in the Library's name.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and December 31, 2004 follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$671,292	\$757,022	\$85,730
Capital Projects	13,800	228,255	214,455
Fiduciary	49,003	14,859	(34,144)
Total	\$734,095	\$1,000,136	\$266,041

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$663,908	\$785,259	(\$121,351)
Capital Projects	1,520,577	31,013	1,489,564
Fiduciary	1,795,800	6,571	1,789,229
Total	\$3,980,285	\$822,843	\$3,157,442

**BUCYRUS PUBLIC LIBRARY  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$686,000	\$719,588	\$33,588
Special Revenue	1,450	0	(1,450)
Capital Projects	13,800	234,558	220,758
Fiduciary	49,003	9,815	(39,188)
Total	<u>\$750,253</u>	<u>\$963,961</u>	<u>\$213,708</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$665,884	\$793,748	(\$127,864)
Special Revenue	2,605	2,605	0
Capital Projects	1,126,393	189,507	936,886
Fiduciary	1,774,988	13,243	1,761,745
Total	<u>\$3,569,870</u>	<u>\$999,103</u>	<u>\$2,570,767</u>

**4. GRANTS-IN-AID**

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF 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. RETIREMENT SYSTEM**

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. The Ohio Revised Code prescribes retirement benefits for vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees as the Ohio Revised Code prescribes.

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2005.



**BUCYRUS PUBLIC LIBRARY  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

**7. SUBSEQUENT EVENT**

On August 14, 2006, the Library purchased land for the purpose of building an addition to the Library. Total purchase price was \$350,000.

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Bucyrus Public Library  
Crawford County  
200 East Mansfield Street  
Bucyrus, Ohio 44820

To the Board of Trustees:

We have audited the financial statements of the Bucyrus Public Library, Crawford County, Ohio, (the Library) as of and for the years ended December 31, 2005, and December 31, 2004, and have issued our report thereon dated November 14, 2006, wherein we noted the Library follows the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Library's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine 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 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 management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2005-001.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when 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 material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Library's management dated November 14, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

35 N. Fourth St. / Second Floor / Columbus, OH 43215  
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **Compliance and Other Matters**

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-002, 2005-003, 2005-004, and 2005-005. In a separate letter to the Library's management dated November 14, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

November 14, 2006

**BUCYRUS PUBLIC LIBRARY  
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

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

**FINDING NUMBER 2005-001**

**Monthly Bank Reconciliations**

Monthly cash reconciliations should be performed by the Library Clerk/Treasurer to determine if all receipts and disbursements have been properly posted. Reconciling items should be investigated at the time of the reconciliation and resolved in a timely manner. Documentation supporting all reconciling items should be included with the reconciliation. Once completed, the reconciliation should be reviewed for completeness and accuracy by the Board.

When cash reconciliations are not properly performed, monthly fund balances may be understated or overstated and management can not be assured that the ledgers reflect the proper financial activities of the Library. Also, lack of legislative monitoring of the monthly bank reconciliations may lead to errors, irregularities, or misappropriation of the Library's assets.

The Clerk/Treasurer did not timely reconcile the Library's accounting ledgers to the bank balances throughout 2004 and 2005, and reconciliations were not reviewed by the Board.

We recommend the Library Clerk/Treasurer perform monthly bank to book reconciliations that properly account for all transactions during the respective month. In addition, the bank reconciliations, including supporting documentation, should be reviewed by the Board in order to assure accuracy and that all errors and/or irregularities are detected in a timely manner.

**Officials' Response**

This issue has been addressed by the new Clerk/Treasurer and Board of Trustees, and new procedures have been implemented to correct this problem.

**FINDING NUMBER 2005-002**

**Finding for Recovery – Patron Fines**

Ohio Rev. Code Section 9.39 states all public officials are liable for all public money received or collected by them or by their subordinates under color of office.

The Clerk/Treasurer position description developed by the Library states the Clerk/Treasurer has responsibility for all Library funds and should ensure that all financial operations comply with statutes of the State of Ohio, state auditing requirements, sound financial practices and the policies and decisions of the Board of Trustees. Furthermore, the Clerk/Treasurer is responsible for receiving and depositing Library funds in the authorized depository.

The Deputy Clerk/Treasurer position description developed by the Library states the Deputy Clerk/Treasurer's job responsibilities include performing bookkeeping functions for the Library, providing clerical support to the Clerk/Treasurer and acting in place of the Clerk/Treasurer in his/her absence. Furthermore, the Deputy Clerk/Treasurer is responsible for generating a fine money report and reconciling this with the fine slip on a daily basis, and preparing the fine money deposit for the Clerk/Treasurer on a weekly basis.

**BUCYRUS PUBLIC LIBRARY  
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

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

**FINDING NUMBER 2005-002  
(Continued)**

**Finding for Recovery – Patron Fines (Continued)**

A comparison of daily fine monies recorded on the daily fine report to the fine monies recorded in the financial activity of the Library and deposited with the Library's financial institution shows a variance of \$1,102 in 2004 and \$1,313 in 2005. There is no evidence to determine if the variance occurred at the point of reconciliation or at the point of deposit.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money collected and not accounted for is hereby issued jointly and severally against Robert Siegel, former Clerk/Treasurer, Diane Smith, Deputy Clerk/Treasurer, and Cincinnati Insurance, their bonding company, in the amount of two thousand four hundred fifteen dollars (\$2,415), and in favor of the Bucyrus Public Library General Fund.

**Officials' Response**

This matter was brought to the attention of the Auditor of State when discovered by the Library. The Board of Trustees has contacted the bonding company and intends to seek restitution through the policy.

**FINDING NUMBER 2005-003**

**Finding for Adjustment - Allocation of Interest**

Ohio Rev. Code Section 135.21 requires that investment earnings on a subdivision's public funds be credited to the subdivision's general fund, unless otherwise specified by law. Ohio Rev. Code Section 3375.391 states in part the board of library trustees of any free public library district may adopt a resolution requiring the treasurer of the library to credit the earnings made on the investment of the principal of the monies specified in the resolution to the fund from which the earnings arose or any other fund of the library as the board specifies in its resolution.

Pursuant to 3375.391, during 2005 and 2004, the Library posted interest to the General Fund, Building Improvement Fund, and various Non-Expendable Trust funds, all of which are specifically allowable and mandated by the Ohio Revised Code. However, the Library improperly posted interest earned by the Building Improvement Fund and various Non-Expendable Trust funds to the General fund. As a result, the General Fund's revenue was overstated by \$8,374 in 2005 and \$5,034 in 2004. The Building Improvement Fund's revenue was understated by \$8,255 in 2005 and \$4,990 in 2004. The Non-Expendable Trust Funds' revenue was understated by \$119 in 2005 and \$44 in 2004.

During 2004, the Library also posted interest to various Expendable Trust funds, which is not specifically allowed nor mandated by the Ohio Revised Code. No resolution could be located requiring the Clerk/Treasurer to credit interest earnings to these funds. As a result, the Expendable Trust Fund's revenue was overstated by \$15,363, and the General Fund's revenue was understated by \$15,363.

The financial statements have been adjusted to reflect the proper allocation of interest.

We recommend the Clerk/Treasurer credit interest revenue to the fund from which the interest was earned.

**BUCYRUS PUBLIC LIBRARY  
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

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

**FINDING NUMBER 2005-003  
(Continued)**

**Finding for Adjustment - Allocation of Interest (Continued)**

**Officials' Response**

The Board of Trustees will be following this recommendation in the future and making the changes to reflect the correct postings for interest allocation.

**FINDING NUMBER 2005-004**

**Timely Depositing**

Ohio Rev. Code Section 3375.36 provides, in part, that all monies received by the Clerk/Treasurer for library purposes are to be immediately placed in the designated depository.

During 2005 and 2004, the Clerk/Treasurer deposited monies only one to three times per month. Additionally, at the end of 2004, a \$6,526 deposit in transit existed that was not deposited until February 18, 2005.

Holding significant amounts of cash increases the possibility of loss or theft, and decreases the Board's ability to ensure fiscal responsibility over Library monies. We recommend the Clerk/Treasurer or a designated Library employee deposit all monies received for Library purposes immediately into the Library's designated depository.

**Officials' Response**

The Board of Trustees has made changes to ensure that monies are processed and deposited in a timely manner by the Clerk/Treasurer or designated employee.

**FINDING NUMBER 2005-005**

**Inter-fund Transfers**

Board resolution 5-05 authorized a \$220,000 transfer in 2004 from the General Fund to the Building Improvement Fund. Additionally, Board resolution 51-05 authorized a \$220,000 transfer in 2005 from the General Fund to the Building Improvement Fund.

The Clerk/Treasurer posted a transfer in the amount of \$225,000 from the General Fund to the Building Improvement Fund in 2004. No transfer was posted in 2005. The financial statements have been adjusted to reflect the transfers as approved by the Board.

We recommend the Clerk/Treasurer post all inter-fund transfers as approved by the Board of Trustees to the Library's accounting ledgers.

**Officials' Response**

This issue has been addressed by the new Clerk/Treasurer and Board of Trustees, and the corrections for previous years have been made.







**Mary Taylor, CPA**  
Auditor of State

**BUCYRUS 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  
JANUARY 23, 2007**