



**AMHERST PUBLIC LIBRARY
LORAIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Amherst Public Library
Lorain County
221 Spring Street
Amherst, Ohio 44001

We have audited the accompanying financial statements of the Amherst Public Library, Lorain County, Ohio, (the Library) as of and for the years ended December 31, 1999 and December 31, 1998. 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 audits.

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 Amherst Public Library, Lorain County, as of December 31, 1999 and December 31, 1998, 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 11, 2000 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.

This report is intended solely for the information and use of management and 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

April 11, 2000

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Non Expendable Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$966,399			\$966,399
Other Government Grants-In-Aid	31,934			31,934
Patron Fines and Fees	26,054			26,054
Earnings on Investments	15,013	12,441	1,648	29,102
Contributions, Gifts and Donations	2,518		3,145	5,663
Miscellaneous Receipts	1,978			1,978
Total Cash Receipts	1,043,896	12,441	4,793	1,061,130
Cash Disbursements:				
Current:				
Salaries and Benefits	408,674			408,674
Supplies	21,054			21,054
Purchased and Contracted Services	102,871			102,871
Library Materials & Information	104,740			104,740
Other Objects	2,127			2,127
Capital Outlay	74,198			74,198
Total Cash Disbursements	713,664	0	0	713,664
Total Cash Receipts Over/(Under) Cash Disbursements	330,232	12,441	4,793	347,466
Other Financing Receipts/(Disbursements):				
Transfers-In		102,836	19,838	122,674
Transfers-Out	(122,674)			(122,674)
Total Other Financing Receipts/(Disbursements)	(122,674)	102,836	19,838	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	207,558	115,277	24,631	347,466
Fund Cash Balances, January 1	178,708	365,707	42,907	587,322
Fund Cash Balances, December 31	\$386,266	\$480,984	\$67,538	\$934,788
Reserves for Encumbrances, December 31	\$277,831	\$0	\$0	\$0

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Non Expendable Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$869,781			\$869,781
Other Government Grants-In-Aid	30,976			30,976
Patron Fines and Fees	26,445			26,445
Earnings on Investments	22,024			22,024
Contributions, Gifts and Donations	2,454		6,254	8,708
Miscellaneous Receipts	2,438			2,438
Total Cash Receipts	954,118	0	6,254	960,372
Cash Disbursements:				
Current:				
Salaries and Benefits	392,714			392,714
Purchased and Contracted Services	86,675			86,675
Supplies	18,975			18,975
Library Materials & Information	108,812			108,812
Other Objects	1,560			1,560
Capital Outlay	49,076			49,076
Total Cash Disbursements	657,812	0	0	657,812
Total Cash Receipts Over/(Under) Cash Disbursements	296,306	0	6,254	302,560
Other Financing Receipts/(Disbursements):				
Transfers-In		209,095	2,036	211,131
Transfers-Out	(211,131)			(211,131)
Total Other Financing Receipts/(Disbursements)	(211,131)	209,095	2,036	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	85,175	209,095	8,290	302,560
Fund Cash Balances, January 1	93,533	156,612	34,617	284,762
Fund Cash Balances, December 31	\$178,708	\$365,707	\$42,907	\$587,322
Reserves for Encumbrances, December 31	\$85,712	\$0	\$0	\$0

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND DECEMBER 31,1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Amherst Public Library, Lorain County, Ohio, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Amherst Exempted Village 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. The investment in STAR Ohio (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:

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.

Capital Projects 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 Trust Funds). The Library had the following significant Capital Projects Fund:

Building and Repair Fund - used for the purpose of repairing, improving, furnishing and equipping the existing Amherst Public Library.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND DECEMBER 31, 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Fiduciary Fund (Trust Fund)

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. The Library had the following significant Nonexpendable Trust Fund:

Nonexpendable Trust Fund

Endowment Fund - used to account for the restricted principal and the interest whose expenditure is unrestricted for Library purposes.

E. Budgetary Process

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

Appropriations

The Board of Trustees must annually approve appropriation measures and subsequent amendments for each fund. The Library sends a copy of the appropriation measure and subsequent amendments to the County Budget Commission. Unencumbered appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

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 in the subsequent year.

A summary of 1999 and 1998 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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND DECEMBER 31, 1998
(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 follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$24,895	\$24,244
Certificates of deposit	900,000	0
Petty cash and change cash	100	100
Total deposits	<u>924,995</u>	<u>24,344</u>
STAR Ohio	9,793	562,978
Total investments	<u>9,793</u>	<u>562,978</u>
Total deposits and investments	<u>\$934,788</u>	<u>\$587,322</u>

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,033,138	\$1,043,896	\$10,758
Capital Projects	100,000	115,277	15,277
Nonexpendable Trust	4,000	24,631	20,631
Total	<u>\$1,137,138</u>	<u>\$1,183,804</u>	<u>\$46,666</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,144,262	\$1,114,169	\$30,093
Capital Projects	350,000	0	350,000
Nonexpendable Trust	0	0	0
Total	<u>\$1,494,262</u>	<u>\$1,114,169</u>	<u>\$380,093</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND DECEMBER 31, 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$961,057	\$954,118	(\$6,939)
Capital Projects	0	209,095	209,095
Nonexpendable Trust	0	8,290	8,290
Total	\$961,057	\$1,171,503	\$210,446

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,030,645	\$954,655	\$75,990
Capital Projects	0	0	0
Nonexpendable Trust	0	0	0
Total	\$1,030,645	\$954,655	\$75,990

4. GRANTS-IN-AID AND TAX REVENUE

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 even if any additional revenues are realized by the Library. These revenues are reflected in the accompanying financial statements as Other Governmental Grants-In-Aid.

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, and are reflected in the accompanying financial statements as Other Governments Grants-In -Aid. 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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND DECEMBER 31, 1998
(Continued)

5. RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

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

The Library also provides health insurance coverage to full-time employees through a private carrier. The Library's liability for health care is limited to the premiums paid.

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

Board of Trustees
Amherst Public Library
Lorain County
221 Spring Street
Amherst, Ohio 44001

We have audited the financial statements of the Amherst Public Library, Lorain County, Ohio, (the Library) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated April 11, 2000. 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 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 11, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 another matter 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 April 11, 2000.

This report is intended for the information and use of management and Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

April 11, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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AMHERST PUBLIC LIBRARY

LORAIN 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 2, 2000**