



**LIMA PUBLIC LIBRARY
ALLEN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

LIMA PUBLIC LIBRARY
ALLEN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Lima Public Library
Allen County
650 West Market Street
Lima, Ohio 45801

To the Board of Trustees:

We have audited the accompanying financial statements of the Lima Public Library, Allen County, (the Library) as of and for the years ended December 31, 1999 and 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 audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Library as of December 31, 1999 and 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 August 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 the 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.

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

JIM PETRO
Auditor of State

August 11, 2000

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**LIMA PUBLIC LIBRARY
ALLEN 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	Capital Projects	
Cash Receipts:			
Grants-In-Aid	\$3,290,343	\$368,536	\$3,658,879
Patron Fines and Fees	80,138	0	80,138
Earnings on Investments	149,487	0	149,487
Contributions, Gifts and Donations	1,474	0	1,474
Miscellaneous Receipts	15,428	0	15,428
	<u>3,536,870</u>	<u>368,536</u>	<u>3,905,406</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries and Benefits	2,031,157	0	2,031,157
Purchased and Contracted Services	422,668	78,583	501,251
Other Objects	577,255	12,806	590,061
Capital Outlay	26,281	146,147	172,428
	<u>3,057,361</u>	<u>237,536</u>	<u>3,294,897</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>479,509</u>	<u>131,000</u>	<u>610,509</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	0	250,000	250,000
Transfers-Out	(250,000)	0	(250,000)
	<u>(250,000)</u>	<u>250,000</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	<u>229,509</u>	<u>381,000</u>	<u>610,509</u>
Fund Cash Balances, January 1	<u>488,674</u>	<u>1,694,762</u>	<u>2,183,436</u>
Fund Cash Balances, December 31	<u>\$718,183</u>	<u>\$2,075,762</u>	<u>\$2,793,945</u>
Reserves for Encumbrances, December 31	<u>\$183,777</u>	<u>\$780</u>	<u>\$184,557</u>

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

**LIMA PUBLIC LIBRARY
ALLEN COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Services Provided to Other Entities	\$0	\$5,200	5,200
Other Revenue	2,197	0	2,197
	<hr/>	<hr/>	<hr/>
Total Operating Cash Receipts	2,197	5,200	7,397
Operating Cash Disbursements:			
Current:			
Purchased and Contracted Services	10	5,067	5,077
Other Objects	11	467	478
Capital Outlay	0	4,774	4,774
	<hr/>	<hr/>	<hr/>
Total Operating Cash Disbursements	21	10,308	10,329
Operating Income/(Loss)	<hr/>	<hr/>	<hr/>
	2,176	(5,108)	(2,932)
Non-Operating Cash Receipts:			
Earnings on Investments	0	225	225
Other Non-Operating Receipts	0	56	56
	<hr/>	<hr/>	<hr/>
Total Non-Operating Cash Receipts	0	281	281
Excess of Receipts Over/(Under) Disbursements	2,176	(4,827)	(2,651)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	3,541	21,020	24,561
Fund Cash Balances, December 31	<hr/> \$5,717 <hr/>	<hr/> \$16,193 <hr/>	<hr/> \$21,910 <hr/>
Reserves for Encumbrances, December 31	<hr/> \$0 <hr/>	<hr/> \$0 <hr/>	<hr/> \$0 <hr/>

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

**LIMA PUBLIC LIBRARY
ALLEN COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Grants-In-Aid	\$2,967,986	\$417,000	\$3,384,986
Patron Fines and Fees	85,421	0	85,421
Earnings on Investments	96,177	0	96,177
Contributions, Gifts and Donations	10,500	0	10,500
Miscellaneous Receipts	26,645	475	27,120
Total Cash Receipts	<u>3,186,729</u>	<u>417,475</u>	<u>3,604,204</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	1,831,429	0	1,831,429
Purchased and Contracted Services	463,856	263,698	727,554
Other Objects	581,432	0	581,432
Capital Outlay	12,912	135,652	148,564
Total Cash Disbursements	<u>2,889,629</u>	<u>399,350</u>	<u>3,288,979</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>297,100</u>	<u>18,125</u>	<u>315,225</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	0	330,083	330,083
Transfers-Out	(330,083)	0	(330,083)
Total Other Financing Receipts/(Disbursements)	<u>(330,083)</u>	<u>330,083</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(32,983)</u>	<u>348,208</u>	<u>315,225</u>
Fund Cash Balances, January 1	<u>521,657</u>	<u>1,346,554</u>	<u>1,868,211</u>
Fund Cash Balances, December 31	<u>\$488,674</u>	<u>\$1,694,762</u>	<u>\$2,183,436</u>
Reserves for Encumbrances, December 31	<u>\$69,430</u>	<u>\$23,316</u>	<u>\$92,746</u>

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

**LIMA PUBLIC LIBRARY
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Services Provided to Other Entities	\$0	\$13,400	\$13,400
Other Revenue	125	0	125
Total Operating Cash Receipts	<u>125</u>	<u>13,400</u>	<u>13,525</u>
Operating Cash Disbursements:			
Current:			
Purchased and Contracted Services	31	4,956	4,987
Other Objects	0	6,381	6,381
Total Operating Cash Disbursements	<u>31</u>	<u>11,337</u>	<u>11,368</u>
Operating Income/(Loss)	<u>94</u>	<u>2,063</u>	<u>2,157</u>
Non-Operating Cash Receipts:			
Earnings on Investments	0	278	278
Total Non-Operating Cash Receipts	<u>0</u>	<u>278</u>	<u>278</u>
Net Receipts Over/(Under) Disbursements	94	2,341	2,435
Fund Cash Balances, January 1	<u>3,447</u>	<u>18,679</u>	<u>22,126</u>
Fund Cash Balances, December 31	<u>\$3,541</u>	<u>\$21,020</u>	<u>\$24,561</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**LIMA PUBLIC LIBRARY
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Lima Public Library, Allen 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 Lima City 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 and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Except gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Repurchase agreements and U.S. treasury notes 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. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project fund:

Library Improvement and Maintenance Fund - Receives tax money and transfers from the general fund. The money is used for repairs and improvements to the Library.

**LIMA PUBLIC LIBRARY
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Library had the following significant enterprise fund:

Gift Shop Fund - Receives money from the sales at the Library Gift Shop.

4. Fiduciary Funds (Agency Funds)

These funds account for operations of funds for which the Library is acting in an agency capacity. The Library had the following significant fiduciary fund:

Entertainment Video Circuit - Receives membership fees from other libraries. The money is used to purchase videos for the libraries to share.

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, and object level of control. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 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.

**LIMA PUBLIC LIBRARY
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. Cash on hand at December 31, 1999 was \$490 and at December 31, 1998 was \$455. The carrying amount of cash and investments at December 31 follows:

	1999	1998
Demand deposits	\$44,258	\$76,090
Banksafe Plus	1,025,999	0
Investments:		
Repurchase Agreements	408,514	225,651
Treasury Notes	1,336,594	1,905,801
Total deposits and investments	\$2,815,365	\$2,207,542

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

Investments: U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities. Repurchase agreements are collateralized by specific securities purchased with funds swept from that account.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,564,969	\$3,536,870	(\$28,099)
Capital Projects	450,000	618,536	168,536
Enterprise	275	2,197	1,922
Total	\$4,015,244	\$4,157,603	\$142,359

**LIMA PUBLIC LIBRARY
ALLEN COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,682,594	\$3,491,138	\$191,456
Capital Projects	1,694,762	238,316	1,456,446
Enterprise	310	21	289
Total	<u>\$5,377,666</u>	<u>\$3,729,475</u>	<u>\$1,648,191</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,181,751	\$3,186,729	\$4,978
Capital Projects	370,083	747,558	377,475
Enterprise	275	125	(150)
Total	<u>\$3,552,109</u>	<u>\$3,934,412</u>	<u>\$382,303</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,213,596	\$3,289,142	(\$75,546)
Capital Projects	1,246,886	422,666	824,220
Enterprise	275	31	244
Total	<u>\$4,460,757</u>	<u>\$3,711,839</u>	<u>\$748,918</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 LLGSF is allocated to each county based on the county's prior intangibles tax of LLGSF revenues, and its population.

The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library on account of any additional revenues realized by the Library.

**LIMA PUBLIC LIBRARY
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 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 and dental and vision coverage to full-time employees through a private carrier.

7. LIMA LIBRARY ASSOCIATION

The Lima Library Association is a not-for-profit corporation that was incorporated in 1884. The Association was formed for the purpose of owning and acquiring books by purchase or gift and keeping the same as a public library in Lima, Ohio. When the Lima Public Library was created, the Association did not dissolve and remained intact for the purpose of supporting the Library. The Association and the Lima Public Library Board of Trustees are the same.

The Association's financial statements are prepared using a modified cash basis of accounting. Receipts are recognized when earned, and disbursements are recognized when paid rather than when a liability is incurred. The Association has chosen to report fixed assets and recognize depreciation and a long-term note receivable.

The Association's receipts, disbursements and depreciation, and fund balances for the years ended December 31, 1999 and 1998 are as follows:

	Receipts	Disbursements and Depreciation	Fund Balances
1999	<u>\$211,995</u>	<u>\$ 75,463</u>	<u>\$2,885,021</u>
1998	<u>\$316,912</u>	<u>\$ 93,343</u>	<u>\$2,748,489</u>

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

Lima Public Library
Allen County
650 West Market Street
Lima, Ohio 45801

To the Board of Trustees:

We have audited the accompanying financial statements of the Lima Public Library, Allen County, (the Library), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 11, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated August 11, 2000.

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 August 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

August 11, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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LIMA PUBLIC LIBRARY

ALLEN 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
SEPTEMBER 28, 2000**