



**SENECA EAST PUBLIC LIBRARY
SENECA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Seneca East Public Library
Seneca County
14 North Main Street
Attica, Ohio 44807-9487

To the Board of Trustees:

We have audited the accompanying financial statements of the Seneca East Public Library, Seneca County, Ohio, (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 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 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 April 24, 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 audit committee, management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

April 24, 2000

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**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, 1999**

	Governmental Fund Types	
	General	Special Revenue
Cash Receipts:		
Intergovernmental Revenue	\$159,215	\$3,781
Patron Fines and Fees	2,783	
Earnings on Investments	826	282
Contributions, Gifts and Donations	4,348	
Miscellaneous Receipts	279	
	167,451	4,063
Total Cash Receipts	167,451	4,063
Cash Disbursements:		
Current:		
Salaries and Benefits	74,382	
Supplies	4,400	
Purchased and Contracted Services	29,098	
Library Materials and Information	27,384	
Other Objects	6,697	
Debt Service:		
Redemption of Principal		
Interest Payments and Other Financing Fees and Costs		
Capital Outlay	3,735	3,984
	145,696	3,984
Total Cash Disbursements	145,696	3,984
Total Cash Receipts Over/(Under) Cash Disbursements	21,755	79
Other Financing Receipts/(Disbursements):		
Proceeds of Notes		
Transfers-In		
Transfers-Out	(30,802)	
	(30,802)	0
Total Other Financing Receipts/(Disbursements)	(30,802)	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(9,047)	79
Fund Cash Balances, January 1	30,724	5,386
Fund Cash Balances, December 31	\$21,677	\$5,465

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

Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$0	\$0	\$0	\$162,996
			2,783
		44	1,152
	20,420		24,768
			279
0	20,420	44	191,978
			74,382
			4,400
	8,525		37,623
			27,384
			6,697
8,749			8,749
2,053			2,053
	25,000	44	32,763
10,802	33,525	44	194,051
(10,802)	(13,105)	0	(2,073)
	25,000		25,000
10,802	20,000		30,802
			(30,802)
10,802	45,000	0	25,000
0	31,895	0	22,927
0	0	0	36,110
\$0	\$31,895	\$0	\$59,037

**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>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Intergovernmental Revenue	\$146,306	\$180		\$146,486
Patron Fines and Fees	4,416			4,416
Earnings on Investments	825	328		1,153
Contributions, Gifts and Donations	5,337			5,337
Miscellaneous Receipts	2,458			2,458
Total Cash Receipts	<u>159,342</u>	<u>508</u>	<u>\$0</u>	<u>159,850</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	79,003			79,003
Supplies	5,449	5,323		10,772
Purchased and Contracted Services	31,429	53,338		84,767
Library Materials and Information	23,606	202		23,808
Other Objects	6,841			6,841
Debt Service:				
Redemption of Principal			4,789	4,789
Interest Payments and Other Financing Fees and Costs			1,842	1,842
Capital Outlay	1,740	19,103		20,843
Total Cash Disbursements	<u>148,068</u>	<u>77,966</u>	<u>6,631</u>	<u>232,665</u>
Total Receipts Over/(Under) Disbursements	<u>11,274</u>	<u>(77,458)</u>	<u>(6,631)</u>	<u>(72,815)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			6,631	6,631
Transfers-Out	(6,631)			(6,631)
Total Other Financing Receipts/(Disbursements)	<u>(6,631)</u>	<u>0</u>	<u>6,631</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>4,643</u>	<u>(77,458)</u>	<u>0</u>	<u>(72,815)</u>
Fund Cash Balances, January 1	<u>26,081</u>	<u>82,844</u>	<u>0</u>	<u>108,925</u>
Fund Cash Balances, December 31	<u>\$30,724</u>	<u>\$5,386</u>	<u>\$0</u>	<u>\$36,110</u>

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

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

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 the State 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

Certificates of deposit are valued at cost.

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

This fund is 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 Funds:

The Minigrant Fund is used to purchase certain equipment for the Library.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Funds

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

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

4. 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:

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

5. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Library had the following significant fiduciary fund:

Expendable Trust records the receipts and expenditures from the stock the Library received as a gift.

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 and function level of control. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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.

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. Sick Leave

Employees are entitled to cash payments for sick leave in certain circumstances, such as upon leaving employment. Sick leave is 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 pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$53,572	\$30,724
Certificates of deposit	5,465	5,386
Total deposits and investments	\$59,037	\$36,110

Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

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

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$191,616	\$167,451	(\$24,165)
Special Revenue	3,986	4,063	77
Debt Service	0	10,802	10,802
Capital Projects	100,000	65,420	(34,580)
Fiduciary	44	44	0
Total	<u>\$295,646</u>	<u>\$247,780</u>	<u>(\$47,866)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$180,813	\$176,498	\$4,315
Special Revenue	3,986	3,984	2
Debt Service	10,803	10,802	1
Capital Projects	100,000	33,525	66,475
Fiduciary	44	44	0
Total	<u>\$295,646</u>	<u>\$224,853</u>	<u>\$70,793</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$191,207	\$159,342	(\$31,865)
Special Revenue	111,657	508	(111,149)
Debt Service	0	6,631	6,631
Total	<u>\$302,864</u>	<u>\$166,481</u>	<u>(\$136,383)</u>

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$159,009	\$154,699	\$4,310
Special Revenue	83,319	77,966	5,353
Debt Service	6,631	6,631	0
Total	\$248,959	\$239,296	\$9,663

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 on account of any additional revenues realized by the Library.

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$42,619	4.5%

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 1993 note will be repaid in annual installments over 14 years. The 1999 note will be repaid in annual installments over 4 years.

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

5. DEBT (Continued)

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

Year ending December 31:	General Obligation Notes
2000	\$10,741
2001	10,741
2002	4,285
2003	2,428
2004	2,428
Subsequent	21,647
Total	<u><u>\$52,270</u></u>

6. RETIREMENT SYSTEM

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

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

7. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions



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**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
Attica, Ohio 44807-9487

To the Board of Trustees:

We have audited the accompanying financial statements of the Seneca East Public Library, Seneca County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 24, 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 an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated April 24, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 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 24, 2000.

This report is intended for the information and use of the audit committee, management, and the 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 24, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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 16, 2000**