



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Lebanon Public Library
Warren County
101 South Broadway
Lebanon, Ohio 45036

To the Board of Trustees:

We have audited the accompanying financial statements of the Lebanon Public Library, Warren 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 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 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 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 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 May 2, 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, 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

May 2, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPE -
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types		Fiduciary Fund Type	Totals
	General	Capital Projects	Expendable Trust	(Memorandum Only)
Cash Receipts:				
Other Government Grants-In-Aid	\$947,116	\$0	\$0	\$947,116
Patron Fines and Fees	28,817	0	0	28,817
Earnings on Investments and property rental	85,032	0	33,090	118,122
Contributions, Gifts and Donations	435	0	131,862	132,297
Miscellaneous Receipts	1,931	0	0	1,931
Total Cash Receipts	<u>1,063,331</u>	<u>0</u>	<u>164,952</u>	<u>1,228,283</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	361,382	0	0	361,382
Purchased and Contracted Services	63,254	0	0	63,254
Other Objects	10,430	0	0	10,430
Supplies	23,787	0	0	23,787
Library Materials and Information	237,870	0	0	237,870
Capital Outlay	39,593	8,140	0	47,733
Total Cash Disbursements	<u>736,316</u>	<u>8,140</u>	<u>0</u>	<u>744,456</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>327,015</u>	<u>(8,140)</u>	<u>164,952</u>	<u>483,827</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property	138			138
Transfers-In		45,612	9,388	55,000
Advances-In	1,132			1,132
Transfers-Out	(55,000)			(55,000)
Advances-Out			(1,132)	(1,132)
Total Other Financing Receipts/(Disbursements)	<u>(53,730)</u>	<u>45,612</u>	<u>8,256</u>	<u>138</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	273,285	37,472	173,208	483,965
Fund Cash Balances, January 1	698,076	118,724	387,965	1,204,765
Fund Cash Balances, December 31	<u>\$971,361</u>	<u>\$156,196</u>	<u>\$561,173</u>	<u>\$1,688,730</u>
Reserves for Encumbrances, December 31	<u>\$19,763</u>	<u>\$0</u>	<u>\$0</u>	<u>\$19,763</u>

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 AND FIDUCIARY FUND TYPE -
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>Expendable Trust</u>	
Cash Receipts:				
Other Government Grants-In-Aid	\$846,757	\$0	\$0	\$846,757
Patron Fines and Fees	29,299	0	0	29,299
Earnings on Investments and property rental	86,607	0	19,801	106,408
Contributions, Gifts and Donations	745	0	0	745
Miscellaneous Receipts	3,637	0	0	3,637
Total Cash Receipts	<u>967,045</u>	<u>0</u>	<u>19,801</u>	<u>986,846</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	317,167	0	0	317,167
Purchased and Contracted Services	69,598	0	0	69,598
Other Objects	12,419	0	0	12,419
Supplies	27,314	0	0	27,314
Library Materials and Information	204,330	0	0	204,330
Capital Outlay	7,613	285	2,227	10,125
Total Cash Disbursements	<u>638,441</u>	<u>285</u>	<u>2,227</u>	<u>640,953</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>328,604</u>	<u>(285)</u>	<u>17,574</u>	<u>345,893</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		1,274	20,616	21,890
Advances-In			1,132	1,132
Transfers-Out	(21,890)			(21,890)
Advances-Out	(1,132)			(1,132)
Total Other Financing Receipts/(Disbursements)	<u>(23,022)</u>	<u>1,274</u>	<u>21,748</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>305,582</u>	<u>989</u>	<u>39,322</u>	<u>345,893</u>
Fund Cash Balances, January 1 (Restated Note 7)	<u>392,494</u>	<u>117,735</u>	<u>348,643</u>	<u>858,872</u>
Fund Cash Balances, December 31	<u>\$698,076</u>	<u>\$118,724</u>	<u>\$387,965</u>	<u>\$1,204,765</u>
Reserves for Encumbrances, December 31	<u>\$3,375</u>	<u>\$8,819</u>	<u>\$0</u>	<u>\$12,194</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

Lebanon Public Library, Warren 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 six-member Board of Trustees appointed by the City of Lebanon. 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.

Certificates of deposit, and the "NOW" checking account are valued at cost. The investment in STAROhio (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:

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 Funds:

Building Fund - Used to record the related receipts and expenditures of the Library's building fund.

Permanent Improvement Fund - Used to record the related receipts and expenditures of the Library's permanent improvement fund.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds (Expendable 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. Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had the following significant Fiduciary Fund:

Gift Trust Fund - Used to account for the funds bequested to the Library.

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. 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 reappropriated.

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 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	\$152,103	\$197,690
Certificates of deposit	<u>322,083</u>	<u>318,741</u>
Total deposits	<u>474,186</u>	<u>516,431</u>
STAROhio	<u>1,214,544</u>	<u>688,334</u>
Total investments	<u>1,214,544</u>	<u>688,334</u>
Total deposits and investments	<u><u>\$1,688,730</u></u>	<u><u>\$1,204,765</u></u>

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: Investments in STAROhio 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 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,030,780	\$1,064,601	\$33,821
Capital Projects	9,991	45,612	35,621
Expendable Trust	<u>161,474</u>	<u>174,340</u>	<u>12,866</u>
Total	<u><u>\$1,202,245</u></u>	<u><u>\$1,284,553</u></u>	<u><u>\$82,308</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,661,258	\$811,079	\$850,179
Capital Projects	128,715	8,140	120,575
Expendable Trust	<u>416,623</u>	<u>1,132</u>	<u>415,491</u>
Total	<u><u>\$2,206,596</u></u>	<u><u>\$820,351</u></u>	<u><u>\$1,386,245</u></u>

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$911,179	\$967,045	\$55,866
Capital Projects	10,000	1,274	(8,726)
Expendable Trust	28,000	41,549	13,549
Total	\$949,179	\$1,009,868	\$60,689

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,190,089	\$664,838	\$525,251
Capital Projects	127,735	9,104	118,631
Expendable Trust	376,643	2,227	374,416
Total	\$1,694,467	\$676,169	\$1,018,298

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.

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

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

6. RISK MANAGEMENT (Continued)

The Library also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

7. PRIOR YEAR RESTATEMENT

One outstanding check from 1997 was voided in 1998. This item resulted in the following restatement of beginning fund balance:

Fund	Amount at December 31, 1997	Restated Amount - January 1, 1998
General Fund	\$392,471	\$392,494

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

Lebanon Public Library
Warren County
101 South Broadway
Lebanon, Ohio 45036

To the Board of Trustees:

We have audited the accompanying financial statements of the Lebanon Public Library, Warren County, Ohio (the Library), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 2, 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 a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated May 2, 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 a 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 May 2, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized loop at the end.

Jim Petro
Auditor of State

May 2, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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LEBANON PUBLIC LIBRARY

WARREN 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 30, 2000**