



**LISBON LEPPER LIBRARY ASSOCIATION
COLUMBIANA 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

Lisbon Lepper Library Association
Columbiana County
303 East Lincoln Way
Lisbon, Ohio 44432

To the Board of Trustees:

We have audited the accompanying financial statements of Lisbon Lepper Library Association, Columbiana 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 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 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 June 9, 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 and contracts.

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

Jim Petro
Auditor of State

June 9, 2000

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**LISBON LEPPER LIBRARY ASSOCIATION
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
State Income Taxes	\$679,724		\$679,724
Patron Fines and Fees	5,035		5,035
Earnings on Investments	41,018		41,018
Contributions, Gifts and Donations	276	10,110	10,386
Miscellaneous Receipts	28,467		28,467
	<hr/>		<hr/>
Total Cash Receipts	754,520	10,110	764,630
	<hr/>		<hr/>
Cash Disbursements:			
Current:			
Salaries and Benefits	270,075		270,075
Supplies	11,071		11,071
Purchased and Contracted Services	46,631		46,631
Library Materials and Information	88,753		88,753
Other Objects	9,468		9,468
Capital Outlay	39,887		39,887
	<hr/>		<hr/>
Total Cash Disbursements	465,885		465,885
	<hr/>		<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	288,635	10,110	298,745
	<hr/>		<hr/>
Other Financing Receipts/(Disbursements):			
Transfers-In		250,000	250,000
Transfers-Out	(250,000)		(250,000)
	<hr/>		<hr/>
Total Other Financing Receipts/(Disbursements)	(250,000)	250,000	
	<hr/>		<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	38,635	260,110	298,745
	<hr/>		<hr/>
Fund Cash Balances, January 1	79,219	684,553	763,772
	<hr/>		<hr/>
Fund Cash Balances, December 31	\$117,854	\$944,663	\$1,062,517
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The notes to the financial statements are an integral part of this statement.

**LISBON LEPPER LIBRARY ASSOCIATION
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Nonexpendable Trust
	<u> </u>
Operating Cash Receipts:	
Patron Fees and Fines	
Services Provided to Other Entities	
	<u> </u>
Total Operating Cash Receipts	<u> </u>
Operating Cash Disbursements:	
Salaries and Benefits	
Purchased and Contracted Services	
	<u> </u>
Total Operating Cash Disbursements	<u> </u>
Operating Income/(Loss)	<u> </u>
Fund Cash Balances, January 1	<u> 16,000</u>
Fund Cash Balances, December 31	<u> \$16,000</u>

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

**LISBON LEPPER LIBRARY ASSOCIATION
 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
State Income Taxes	\$620,176		\$620,176
Patron Fines and Fees	7,896		7,896
Earnings on Investments	48,558		48,558
Contributions, Gifts and Donations	2,210	5,210	7,420
Miscellaneous Receipts	16,440		16,440
Total Cash Receipts	<u>695,280</u>	<u>5,210</u>	<u>700,490</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	241,052		241,052
Supplies	12,292		12,292
Purchased and Contracted Services	42,355		42,355
Library Materials and Information	86,873		86,873
Other Objects	8,409		8,409
Capital Outlay	82,236		82,236
Total Cash Disbursements	<u>473,217</u>		<u>473,217</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>222,063</u>	<u>5,210</u>	<u>227,273</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		250,000	250,000
Transfers-Out	(250,000)		(250,000)
Total Other Financing Receipts/(Disbursements)	<u>(250,000)</u>	<u>250,000</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(27,937)</u>	<u>255,210</u>	<u>227,273</u>
Fund Cash Balances, January 1	<u>107,156</u>	<u>429,343</u>	<u>536,499</u>
Fund Cash Balances, December 31	<u>\$79,219</u>	<u>\$684,553</u>	<u>\$763,772</u>

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

**LISBON LEPPER LIBRARY ASSOCIATION
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	Nonexpendable Trust
Operating Cash Receipts:	
Patron Fees and Fines	
Services Provided to Other Entities	
Total Operating Cash Receipts	
Operating Cash Disbursements:	
Salaries and Benefits	
Purchased and Contracted Services	
Total Operating Cash Disbursements	
Operating Income/(Loss)	
Fund Cash Balances, January 1	16,000
Fund Cash Balances, December 31	\$16,000

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

**LISBON LEPPER LIBRARY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Lisbon Lepper Library Association, Columbiana 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 operates under the direction of a seven-member Board of Trustees. The trustees serve for a period of seven years or until their successors are chosen. The Library provides the community with various educational and literary resources.

The Library was established in 1897, under the name "Lisbon Lepper Library Association", by Charles W. & Virginia Lepper.

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.

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 by law or contract to be restricted.

2. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following significant capital projects fund:

Building Fund - This fund mainly received proceeds from transfers from the general fund and donations. No expenditures were made from this fund.

**LISBON LEPPER LIBRARY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds (Nonexpendable 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:

John Clark - George Lafferty Nonexpendable Trust Fund - This fund accounts for trust principal which may not be expended. Only interest earned on the principal may be used for trust operations. The interest received by the Library is to be used for the purchase of new books for the use of the patrons of the Library.

E. Budgetary Process

The Library is required to budget each fund annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. 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 cash as of January 1.

3. Encumbrances

The Library is required to reserve (encumber) appropriations when individual 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 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 basis of accounting used by the Library.

**LISBON LEPPER LIBRARY ASSOCIATION
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 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$93,552	\$70,799
Certificate of deposit	984,838	708,846
Cash on hand	127	127
	<u>\$1,078,517</u>	<u>\$779,772</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.

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	\$1,375,480	\$754,520	(\$620,960)
Capital Projects	_____	260,110	260,110
Total	<u>\$1,375,480</u>	<u>\$1,014,630</u>	<u>(\$360,850)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ <u>642,000</u>	\$ <u>715,885</u>	(\$ <u>73,885</u>)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,048,182	\$695,280	(\$352,902)
Capital Projects	_____	255,210	255,210
Total	<u>\$1,048,182</u>	<u>\$950,490</u>	<u>(\$97,692)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ <u>539,429</u>	\$ <u>723,217</u>	(\$ <u>183,788</u>)

**LISBON LEPPER LIBRARY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

4. GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio association 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 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.

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.

5. RETIREMENT SYSTEM

The Library's full-time employees belong to the Public Employees Retirement System (PERS) 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. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The members contribution is picked up by the Library. 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
- Errors and omissions
- Vehicles

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



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

Lisbon Lepper Library Association
Columbiana County
303 East Lincoln Way
Lisbon, Ohio 44432

To the Board of Trustees:

We have audited the accompanying financial statements of Lisbon Lepper Library Association, Columbiana County, Ohio (the Library), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 9, 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 and contracts, noncompliance with which could have a direct and material effect on 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*.

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 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 June 9, 2000.

This report is intended for the information and use of 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 of the last name.

Jim Petro
Auditor of State

June 9, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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LISBON LEPPER LIBRARY ASSOCIATION

COLUMBIANA 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
JULY 18, 2000**