



**NORMAL MEMORIAL PUBLIC LIBRARY
FULTON 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

Normal Memorial Public Library
Fulton County
301 North Eagle Street
PO Box 100
Fayette, Ohio 43521-0100

To the Board of Trustees:

We have audited the accompanying financial statements of the Normal Memorial Public Library, Fulton 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 fund cash balance and reserves for encumbrances of the Library as of December 31, 1999 and 1998, and its 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 4, 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, 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", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

May 4, 2000

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN CASH BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>
Cash Receipts:	
Property and Other Local Taxes	\$142,534
Patron Fines and Fees	3,750
Earnings on Investments	2,855
Services Provided to Other Entities	4,500
Contributions, Gifts and Donations	2,188
Miscellaneous Receipts	<u>36</u>
 Total Cash Receipts	 <u>155,863</u>
Cash Disbursements:	
Current:	
Salaries and Benefits	72,170
Supplies	4,899
Purchased and Contracted Services	28,565
Library Materials and Information	22,089
Capital Outlay	<u>8,399</u>
 Total Cash Disbursements	 <u>136,122</u>
 Total Cash Receipts Over Cash Disbursements	 <u>19,741</u>
Other Financing Receipts:	
Proceeds from Sales of Property	<u>815</u>
 Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	 20,556
 Cash Balances, January 1	 <u>65,322</u>
 Cash Balances, December 31	 <u><u>\$85,878</u></u>
 Reserves for Encumbrances, December 31	 <u><u>\$1,719</u></u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN CASH BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General</u>
Cash Receipts:	
Property and Other Local Taxes	\$131,165
Patron Fines and Fees	3,579
Earnings on Investments	2,198
Services Provided to Other Entities	6,000
Contributions, Gifts and Donations	2,441
Miscellaneous Receipts	<u>366</u>
 Total Cash Receipts	 <u>145,749</u>
Cash Disbursements:	
Current:	
Salaries and Benefits	66,898
Supplies	3,298
Purchased and Contracted Services	26,586
Library Materials and Information	16,005
Capital Outlay	<u>15,889</u>
 Total Cash Disbursements	 <u>128,676</u>
 Total Cash Receipts Over Cash Disbursements	 <u>17,073</u>
Other Financing Receipts:	
Proceeds from Sales of Property	<u>1,123</u>
 Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	 18,196
 Cash Balances, January 1	 <u>47,126</u>
 Cash Balances, December 31	 <u><u>\$65,322</u></u>
 Reserves for Encumbrances, December 31	 <u><u>\$7,619</u></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

Normal Memorial Public Library, Fulton 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 the Gorham-Fayette 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 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.

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.

**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 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 Leave

Employees are entitled to cash payments for unused vacation leave in certain circumstances, such as upon leaving employment. Unpaid vacation leave is not reflected as a liability under the cash basis of accounting used by the Library.

2. EQUITY IN CASH

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 follows:

	1999	1998
Demand deposits	\$54,595	\$65,242
Certificates of deposit	31,203	0
Total deposits	\$85,798	\$65,242

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation.

Cash on hand: The Library maintains an \$80 petty cash and change fund.

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	\$148,397	\$156,678	\$8,281

**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	\$220,279	\$137,841	\$82,438

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$129,169	\$146,872	\$17,703

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$155,388	\$136,295	\$19,093

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. 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.

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

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Commercial property coverage
- Commercial general liability coverage
- Commercial auto coverage



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

Normal Memorial Public Library
Fulton County
301 North Eagle Street
PO Box 100
Fayette, Ohio 43521-0100

To the Board of Trustees:

We have audited the accompanying financial statements of the Normal Memorial Public Library, Fulton County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 4, 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.

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 a matter involving the internal control over financial reporting that did not require inclusion in this report, that we have reported to management of the Library in a separate letter dated May 4, 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.

Jim Petro
Auditor of State

May 4, 2000



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NORMAL MEMORIAL PUBLIC LIBRARY

FULTON 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 23, 2000**