



**LIBERTY CENTER PUBLIC LIBRARY  
HENRY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO  
AUDITOR OF STATE**

STATE OF OHIO



LIBERTY CENTER PUBLIC LIBRARY  
HENRY COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Liberty Center Public Library  
Henry County  
124 East Street  
P.O. Box 66  
Liberty Center, Ohio 43532-0066

To the Board of Trustees:

We have audited the accompanying financial statements of the Liberty Center Public Library (the Library) as of and for the years ended December 31, 2000 and 1999. 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 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, 2000 and 1999, 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 March 9, 2001 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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.

**Jim Petro**  
Auditor of State

March 9, 2001

**LIBERTY CENTER PUBLIC LIBRARY  
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - GENERAL FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>General</b>
<b>Cash Receipts:</b>	
Other Government Grants-In-Aid	\$184,378
Patron Fines and Fees	3,669
Earnings on Investments	6,102
Services Provided to Other Entities	632
Contributions, Gifts and Donations	24,382
Miscellaneous Receipts	850
 Total Cash Receipts	 220,013
<b>Cash Disbursements:</b>	
Current:	
Salaries and Benefits	69,012
Supplies	4,687
Purchased and Contracted Services	36,215
Library Materials and Information	24,065
Other Objects	5,109
Debt Service:	
Redemption of Principal	27,312
Interest Payments and Other Financing Fees and Costs	8,979
Capital Outlay	29,974
 Total Cash Disbursements	 205,353
 Total Cash Receipts Over Cash Disbursements	 14,660
 Fund Cash Balances, January 1	 136,211
 <b>Fund Cash Balances, December 31</b>	 <b>\$150,871</b>

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

**LIBRARY CENTER PUBLIC LIBRARY  
HENRY 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**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Other Government Grants-In-Aid	\$181,978		\$181,978
Patron Fines and Fees	3,672		3,672
Earnings on Investments	3,865	\$398	4,263
Contributions, Gifts and Donations	57,358		57,358
Miscellaneous Receipts	59		59
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	246,932	398	247,330
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	65,112		65,112
Supplies	3,999		3,999
Purchased and Contracted Services	28,459		28,459
Library Materials and Information	31,896		31,896
Other Objects	4,320		4,320
Debt Service:			
Redemption of Principal	57,339		57,339
Interest Payments and Other Financing Fees and Costs	8,100		8,100
Capital Outlay	243,069	134,117	377,186
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	442,294	134,117	576,411
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	(195,362)	(133,719)	(329,081)
<b>Other Financing Receipts/(Disbursements):</b>			
Loan Proceeds	219,792		219,792
Proceeds from Sales of Property	45,112		45,112
Transfers-In		31,225	31,225
Transfers-Out	(31,225)		(31,225)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	233,679	31,225	264,904
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	38,317	(102,494)	(64,177)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	97,894	102,494	200,388
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$136,211</b> <hr/>	<hr/> <b>31,225</b> <hr/>	<hr/> <b>\$136,211</b> <hr/>

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



**LIBERTY CENTER PUBLIC LIBRARY  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Liberty Center Public Library, Henry 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 Liberty Center Local 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.

The investment in STAR Ohio (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 fund.

**LIBERTY CENTER PUBLIC LIBRARY  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

*Library Building Construction Fund* - Received funds from general operations. The funds are to be used to renovate a new library building.

**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. 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 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 2000 and 1999 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 in certain circumstances, such as upon leaving employment. Unpaid vacation 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 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:

**LIBERTY CENTER PUBLIC LIBRARY  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

	<u>2000</u>	<u>1999</u>
Demand deposits	\$46,792	\$136,211
STAR Ohio	<u>104,079</u>	<u>          </u>
Total deposits and investments	<u><u>\$150,871</u></u>	<u><u>\$136,211</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:** Investment in STAR Ohio is not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	<u>\$185,375</u>	<u>\$220,013</u>	<u>\$34,638</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	<u>\$324,356</u>	<u>\$205,353</u>	<u>\$119,003</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$445,093	\$511,836	\$66,743
Capital Projects	<u>          </u>	<u>31,623</u>	<u>31,623</u>
Total	<u>\$445,093</u>	<u>\$543,459</u>	<u>\$98,366</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$551,230	\$473,519	\$77,711
Capital Projects	<u>          </u>	<u>134,117</u>	<u>(134,117)</u>
Total	<u>\$551,230</u>	<u>\$607,636</u>	<u>(\$56,406)</u>

**LIBERTY CENTER PUBLIC LIBRARY  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

No appropriations were passed by the Board of Trustees for the Capital Projects fund type resulting in expenditures exceeding appropriations, which is contrary to Ohio Administrative Code 117-4-07.

**4. GRANTS-IN-AID AND 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, 2000 was as follows:

	Principal	Interest Rate
Promissory Note	\$135,767	5.5%

The Library entered into a promissory note with a local bank on August 14, 1999. The proceeds of this note were used to finance renovations to the library building. This note is secured by a first mortgage on the library building. The final payment toward this note will be made during fiscal year 2010.

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

Year ending December 31:	Promissory Note
2001	\$18,360
2002	18,360
2003	18,360
2004	18,360
2005	18,360
Subsequent	88,157
Total	\$179,957

**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.

**LIBERTY CENTER PUBLIC LIBRARY  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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% in 1999 and 10.84% in 2000 of participants' gross salaries. At December 31, 2000, the Library has \$1,365 in unpaid contributions.

**7. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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

Liberty Center Public Library  
Henry County  
124 East Street  
P.O. Box 66  
Liberty Center, Ohio 43532-0066

To the Board of Trustees:

We have audited the accompanying financial statements of the Liberty Center Public Library (the Library) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 9, 2001. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2000-00135-001. We also noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated March 9, 2001.

### Internal Control Over Financial Reporting

In planning and performing our audits, 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.

Liberty Center Public Library  
Henry County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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.

**Jim Petro**  
Auditor of State

March 9, 2001



**LIBERTY CENTER PUBLIC LIBRARY  
HENRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2000-00135-001**

**Noncompliance Citation**

Ohio Administrative Code § 117-4-07 (D) states that each disbursement of board money shall be drawn against an appropriate fund and appropriation account. Each such disbursement or an encumbrance charged against an appropriation account shall be posted to and subtracted from the appropriated balance of account producing a declining unencumbered balance.

In fiscal year 1999, no appropriations were passed by the Board of Trustees for the Capital Projects fund type resulting in expenditures exceeding appropriations by \$134,117.

We recommend that the Library establish the necessary appropriation accounts for each fund. All expenditures should be posted against the appropriate fund and appropriation account.

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**LIBERTY CENTER PUBLIC LIBRARY  
HENRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1998-00135-001	Expenditures were not encumbered properly against appropriations.	Yes	N/A





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**LIBERTY CENTER PUBLIC LIBRARY**

**HENRY 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  
APRIL 3, 2001**