



**LIBRARY ASSOCIATION OF SANDUSKY
ERIE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LIBRARY ASSOCIATION OF SANDUSKY
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REPORT OF INDEPENDENT ACCOUNTANTS

Library Association of Sandusky
Erie County
114 West Adams Street
Sandusky, Ohio 44870-2791

To the Board of Trustees:

We have audited the accompanying financial statements of the Library Association of Sandusky, Erie 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 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 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 June 22, 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".

Jim Petro
Auditor of State

June 22, 2000

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Taxes					
State Income Taxes	\$1,799,823				\$1,799,823
General Property Taxes	524,479				524,479
Patron Fines and Fees					
Patron Fines and Fees	70,255				70,255
Earnings on Investments	40,286	\$98	\$5,235	\$83,139	128,758
Services Provided by Other Entities					
Services - Other Entities	276				276
Contributions, Gifts and Donations					
Unrestricted	2,624				2,624
Miscellaneous Revenue					
Sale of Supplies	12,104	65			12,169
Refunds and Reimbursements	3,119				3,119
Total Cash Receipts	2,452,966	163	5,235	83,139	2,541,503
Cash Disbursements:					
Salaries and Benefits					
Salary and Leave Benefits	1,007,221				1,007,221
Retirement Benefits	134,807				134,807
Insurance Benefits	90,673				90,673
Other Employee Benefits	980				980
Supplies					
General Administrative Supplies	75,332				75,332
Property Maintenance and Repair	3,652				3,652
Supplies Purchased for Resale	3,172				3,172
Purchased and Contracted Services					
Travel and Meeting Expenses	25,211				25,211
Communication, Printing and Publicity	132,545				132,545
Professional Maintenance, Repair and Security	47,530		31,878		79,408
Insurance	16,110				16,110
Rents/Leases	15,996				15,996
Utilities	58,249				58,249
Professional Services	66,951		58,115	89,883	214,949
Library Material Control Services	583				583
Other	72				72
Library Material and Information					
Books and Pamphlets	333,895				333,895
Periodicals	24,682				24,682
Audiovisual Materials	118,248				118,248
Computer Services and Information	7,305				7,305
Inter-Library Loan Fees and Charges	48				48
Repair and Restoration	1,072				1,072
Other	2,519				2,519

(Continued)

**LIBRARY ASSOCIATION OF SANDUSKY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 1999
 (Continued)**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Capital Outlay					
Land	25,000		400,000		425,000
Building Improvements	30,812				30,812
Furniture and Equipment	52,582				52,582
Other Objects					
Dues and Memberships	11,833				11,833
Taxes and Assessments	2,824				2,824
Refunds and Reimbursements	664				664
Total Cash Disbursements	<u>2,290,568</u>		<u>489,993</u>	<u>89,883</u>	<u>2,870,444</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>162,398</u>	<u>163</u>	<u>(484,758)</u>	<u>(6,744)</u>	<u>(328,941)</u>
Other Financing Receipts:					
Proceeds of Notes			400,000		400,000
Total Other Financing Receipts			<u>400,000</u>		<u>400,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>162,398</u>	<u>163</u>	<u>(84,758)</u>	<u>(6,744)</u>	<u>71,059</u>
Fund Cash Balances, January 1	<u>638,994</u>	<u>25,779</u>	<u>183,506</u>	<u>732,688</u>	<u>1,580,967</u>
Fund Cash Balances, December 31	<u>\$801,392</u>	<u>\$25,942</u>	<u>\$98,748</u>	<u>\$725,944</u>	<u>\$1,652,026</u>
Reserves for Encumbrances, December 31	<u>\$172,816</u>		<u>\$87,580</u>		<u>\$260,396</u>

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

**LIBRARY ASSOCIATION OF SANDUSKY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Taxes					
State Income Taxes	\$1,668,057				\$1,668,057
General Property Taxes	506,090				506,090
Patron Fines and Fees					
Patron Fines and Fees	75,747				75,747
Earnings on Investments	31,343	\$95	\$9,670	\$81,723	122,831
Services Provided by Other Entities					
Services - Other Entities	438				438
Contributions, Gifts and Donations					
Restricted	6,905				6,905
Unrestricted	856				856
Miscellaneous Revenue					
Sale of Supplies	10,900	96			10,996
Refunds and Reimbursements	11,893			88	11,981
	<u>2,312,229</u>	<u>191</u>	<u>9,670</u>	<u>81,811</u>	<u>2,403,901</u>
Cash Disbursements:					
Salaries and Benefits					
Salary and Leave Benefits	906,337				906,337
Retirement Benefits	124,505				124,505
Insurance Benefits	74,580				74,580
Other Employee Benefits	902				902
Supplies					
General Administrative Supplies	63,562				63,562
Property Maintenance and Repair	3,212				3,212
Supplies Purchased for Resale	4,465				4,465
Purchased and Contracted Services					
Travel and Meeting Expenses	17,853				17,853
Communication, Printing and Publicity	129,757				129,757
Professional Maintenance, Repair and Security	45,634				45,634
Insurance	15,578				15,578
Rents/Leases	26,395				26,395
Utilities	57,121				57,121
Professional Services	125,271			43,509	168,780
Library Material Control Services	73				73
Other	110				110
Library Material and Information					
Books and Pamphlets	279,687				279,687
Periodicals	17,352				17,352
Audiovisual Materials	92,547				92,547
Computer Services and Information	12,858				12,858
Inter-Library Loan Fees and Charges	176				176
Other	4,148				4,148

(Continued)

**LIBRARY ASSOCIATION OF SANDUSKY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 1998
 (Continued)**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Capital Outlay					
Building Improvements	55,041				55,041
Furniture and Equipment	71,921				71,921
Other Objects					
Dues and Memberships	10,793				10,793
Refunds and Reimbursements	369				369
Total Cash Disbursements	<u>2,140,247</u>			<u>43,509</u>	<u>2,183,756</u>
Total Cash Receipts Over/(Under) Cash Disbursements	171,982	191	9,670	38,302	220,145
Fund Cash Balances, January 1	<u>467,012</u>	<u>25,588</u>	<u>173,836</u>	<u>694,386</u>	<u>1,360,822</u>
Fund Cash Balances, December 31	<u>\$638,994</u>	<u>\$25,779</u>	<u>\$183,506</u>	<u>\$732,688</u>	<u>\$1,580,967</u>
Reserves for Encumbrances, December 31	<u>\$113,907</u>				<u>\$113,907</u>

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

**LIBRARY ASSOCIATION OF SANDUSKY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Library Association of Sandusky, Erie County, (the Library) is a nonprofit corporation in accordance with the laws of the State of Ohio, established under articles of incorporation dated and filed in the office of the Secretary of State on November 5, 1895. A Certificate of Amendment of Articles dated and filed February 20, 1980, defines the purposes for which the corporation is formed as follows:

- (1) To establish, maintain and operate a free public library (including a main library and branch libraries and a free public museum; and
- (2) To further the cultural education of the residents of the City of Sandusky and Erie County by procuring and locally presenting lectures, plays and recitals, dance, ballet, choral and instrumental performances; and other cultural events.

The Library operates under a ten-member self perpetuating board. Management believes the financial statements included in this report represent all of the funds of the Library Association of Sandusky over which the board has the ability to exercise direct operating control.

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, Stocks Money Market and U.S. Treasury Bills and Bonds are valued at cost. 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.

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

2. Special Revenue Funds

These funds are 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 Fund:

Perkins Fund - This fund receives interest money for sponsoring special library programs.

3. 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 and Repair Fund - Received moneys transferred from the General fund for the purpose of maintaining the Library facility.

4. Fiduciary Funds (Trust and Agency 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 funds:

Lange Trust Fund - Received income generated from a trust fund being held by a trustee. The revenues are used to sponsor cultural programs to patrons of the Library.

E. Budgetary Process

The Library prepares an annual budget for it's funds. There is no legal requirement for the Library to prepare a budget.

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.

**LIBRARY ASSOCIATION OF SANDUSKY
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>
Cash on Hand	\$300	\$300
Demand deposits	\$564,814	\$522,005
Certificates of deposit	121,170	145,840
Total deposits	686,284	668,145
Treasury Bonds	1,000	1,000
Stocks	76,325	76,325
STAR Ohio	888,417	835,497
Total investments	965,742	912,822
Total deposits and investments	\$1,652,026	\$1,580,967

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Library.

Investments: Treasury HH Bonds and Stock Certificates were in the name of the Library and were held by the Library. Investments in STAR Ohio and mutual funds 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	\$2,333,253	\$2,452,966	\$119,713
Special Revenue	50	163	113
Capital Projects	404,000	405,235	1,235
Fiduciary	45,000	83,139	38,139
Total	\$2,782,303	\$2,941,503	\$159,200

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

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,972,246	\$2,463,384	\$508,862
Special Revenue	25,828		25,828
Capital Projects	587,506	577,573	9,933
Fiduciary	119,518	89,883	29,635
Total	<u>\$3,705,098</u>	<u>\$3,130,840</u>	<u>\$574,258</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,084,700	\$2,312,229	\$227,529
Special Revenue	115	191	76
Capital Projects	4,000	9,670	5,670
Fiduciary	45,000	81,811	36,811
Total	<u>\$2,133,815</u>	<u>\$2,403,901</u>	<u>\$270,086</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,548,660	\$2,254,154	\$294,506
Special Revenue	3,379		3,379
Capital Projects	177,836		177,836
Fiduciary	105,234	43,509	61,725
Total	<u>\$2,835,109</u>	<u>\$2,297,663</u>	<u>\$537,446</u>

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.

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

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

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. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Bank Loan for land purchase	\$400,000	8.50%

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

Year ending December 31:	Bank Loan
2000	\$327,996
2001	108,565
Total	\$436,561

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.

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

7. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

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

The Library also provides health insurance and dental and vision 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*

Library Association of Sandusky
Erie County
114 West Adams Street
Sandusky, Ohio 44870-2791

To the Board of Trustees:

We have audited the accompanying financial statements of the Library Association of Sandusky, Erie County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 22, 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 audits, 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.

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 the first name "Jim" and last name "Petro" clearly distinguishable.

Jim Petro
Auditor of State

June 22, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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LIBRARY ASSOCIATION OF SANDUSKY

ERIE 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 20, 2000**