



**MARY LOU JOHNSON DISTRICT LIBRARY  
HARDIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Mary Lou Johnson District Library  
Hardin County  
325 E. Columbus Street  
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the accompanying financial statements of the Mary Lou Johnson District Library, Hardin 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 April 11, 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 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

April 11, 2000



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

	<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>	
<b>Cash Receipts:</b>				
Other Government Grants-In-Aid	\$554,797	\$0		\$554,797
Patron Fines and Fees	20,464			20,464
Earnings on Investments	84,055			84,055
Contributions, Gifts and Donations	9,635		\$45,970	55,605
Miscellaneous Receipts	5,912			5,912
<b>Total Cash Receipts</b>	<b>674,863</b>	<b>0</b>	<b>45,970</b>	<b>720,833</b>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	268,796			268,796
Purchased and Contracted Services	82,425			82,425
Supplies	19,709			19,709
Library Materials and Information	132,906			132,906
Other Objects	5,367			5,367
Capital Outlay	55,400			55,400
<b>Total Cash Disbursements</b>	<b>564,603</b>	<b>0</b>	<b>0</b>	<b>564,603</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>110,260</b>	<b>0</b>	<b>45,970</b>	<b>156,230</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		30,268	66,276	96,544
Transfers-Out	(96,544)			(96,544)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(96,544)</b>	<b>30,268</b>	<b>66,276</b>	<b>0</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>13,716</b>	<b>30,268</b>	<b>112,246</b>	<b>156,230</b>
<b>Fund Cash Balances, January 1</b>	<b>141,351</b>	<b>130,782</b>	<b>676,178</b>	<b>948,311</b>
<b>Fund Cash Balances, December 31</b>	<b>\$155,067</b>	<b>\$161,050</b>	<b>\$788,424</b>	<b>\$1,104,541</b>

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 SIMILAR FIDUCIARY FUND TYPES  
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>	
<b>Cash Receipts:</b>				
Other Government Grants-In-Aid	\$503,236	\$0		\$503,236
Patron Fines and Fees	24,667			24,667
Earnings on Investments	81,242			81,242
Contributions, Gifts and Donations	10,180		\$28,074	38,254
Miscellaneous Receipts	4,864			4,864
Total Cash Receipts	<u>624,189</u>	<u>0</u>	<u>28,074</u>	<u>652,263</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	259,962			259,962
Supplies	19,235			19,235
Purchased and Contracted Services	84,698			84,698
Library Materials and Information	114,013			114,013
Other Objects	4,876			4,876
Capital Outlay	52,763			52,763
Total Cash Disbursements	<u>535,547</u>	<u>0</u>	<u>0</u>	<u>535,547</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>88,642</u>	<u>0</u>	<u>28,074</u>	<u>116,716</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		55,545		55,545
Transfers-Out	(55,545)			(55,545)
Total Other Financing Receipts/(Disbursements)	<u>(55,545)</u>	<u>55,545</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	33,097	55,545	28,074	116,716
Fund Cash Balances, January 1	<u>108,254</u>	<u>75,237</u>	<u>648,104</u>	<u>831,595</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$141,351</u></b>	<b><u>\$130,782</u></b>	<b><u>\$676,178</u></b>	<b><u>\$948,311</u></b>

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**

Mary Lou Johnson Hardin County District Library, Hardin 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 with three members appointed by the Judge of Hardin County Court of Common Pleas and four members appointed by the Hardin County Commissioners. 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 repurchase agreements are valued at cost. Stock certificates received as donations to the expendable trust fund are recorded at the market value at the time of donation. Additional shares of stock received through stock dividends or splits increase the number of shares held by do not affect the carrying value.

**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:

Building and Repair Fund - receives receipts that are restricted for acquisition or construction of major capital projects.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. 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 no nonexpendable trust or agency funds and had the following significant expendable trust fund:

Mary Lou Johnson Fund - receives investments and investment income from the last will and testament of Mary Lou Johnson. The Library Board of Trustees determines the purposes of which the monies shall be spent.

**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 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	\$39,862	\$141,479
Repurchase Agreement	181,481	0
Certificates of deposit	<u>607,543</u>	<u>531,177</u>
Total deposits	828,886	672,656
Stock Certificates	<u>275,655</u>	<u>275,655</u>
Total deposits and investments	<u><u>\$1,104,541</u></u>	<u><u>\$948,311</u></u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**Investments:** The Library maintains stock certificates that identify it as the owner of the stock. As of December 31, 1999, the stock certificates had a market value of \$3,203,619. The initial stock donations and any additional stocks received as donations have been designated by the Board to not be sold for any purpose but emergency use only.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

<b>1999 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$567,838	\$674,863	\$107,025
Capital Projects	30,225	30,268	43
Fiduciary	<u>61,000</u>	<u>112,246</u>	<u>51,246</u>
Total	<u><u>\$659,063</u></u>	<u><u>\$817,377</u></u>	<u><u>\$158,314</u></u>

<b>1999 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	<u>\$709,188</u>	<u>\$661,147</u>	<u>\$48,041</u>

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

**3. BUDGETARY ACTIVITY (Continued)**

<b>1998 Budgeted vs. Actual Receipts</b>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$538,901	\$624,189	\$85,288
Capital Projects	52,500	55,545	3,045
Fiduciary	100	28,074	27,974
Total	<u>\$591,501</u>	<u>\$707,808</u>	<u>\$116,307</u>

<b>1998 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	<u>\$647,155</u>	<u>\$591,092</u>	<u>\$56,063</u>

**4. GRANTS-IN-AID 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:

- S Comprehensive property and general liability
- S Vehicles
- S Errors and omissions
- S Commercial Crime
- S Boiler and Machinery
- S Umbrella

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

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

Mary Lou Johnson District Library  
Hardin County  
325 E. Columbus Street  
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the accompanying financial statements of the Mary Lou Johnson District Library, Hardin County, Ohio (the Library), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 11, 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 certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated April 11, 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 other 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 April 11, 2000.

This report is intended for the information and use of the 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 flourish at the end.

**Jim Petro**  
Auditor of State

April 11, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**MARY LOU JOHNSON DISTRICT LIBRARY**

**HARDIN 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  
JUNE 15, 2000**