



**BLANCHESTER PUBLIC LIBRARY
CLINTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BLANCHESTER PUBLIC LIBRARY
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REPORT OF INDEPENDENT ACCOUNTANTS

Blanchester Public Library
Clinton County
110 North Broadway Street
Blanchester, OH 45107

To the Board of Trustees:

We have audited the accompanying financial statements of the Blanchester Public Library, Clinton 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 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 April 24, 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 24, 2000

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**BLANCHESTER PUBLIC LIBRARY
 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>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$487,831	\$90,654	\$0	\$578,485
Other Government Grants-In-Aid	9,123	0	0	9,123
Patron Fines and Fees	7,233	0	0	7,233
Earnings on Investments	4,121	0	1,146	5,267
Services Provided to Other Entities	80	0	0	80
Contributions, Gifts and Donations	2,263	0	22,012	24,275
Miscellaneous Receipts	1,936	0	0	1,936
Total Cash Receipts	512,587	90,654	23,158	626,399
Cash Disbursements:				
Current:				
Salaries and Benefits	280,843	16,148	0	296,991
Purchased and Contracted Services	55,859	14,895	0	70,754
Supplies	22,419	4,059	0	26,478
Library Materials and Information	101,463	0	0	101,463
Other Objects	1,319	0	0	1,319
Capital Outlay	25,005	26,948	203	52,156
Total Cash Disbursements	486,908	62,050	203	549,161
Total Cash Receipts Over/(Under) Cash Disbursements	25,679	28,604	22,955	77,238
Other Financing Receipts/(Disbursements):				
Transfers-In	0	0	23,097	23,097
Transfers-Out	(23,097)	0	0	(23,097)
Total Other Financing Receipts/(Disbursements)	(23,097)	0	23,097	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	2,582	28,604	46,052	77,238
Fund Cash Balances, January 1	118,518	20,547	17,880	156,945
Fund Cash Balances, December 31	\$121,100	\$49,151	\$63,932	\$234,183
Reserves for Encumbrances, December 31	\$11,353	\$850	\$0	\$12,203

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

**BLANCHESTER PUBLIC LIBRARY
 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$443,696	\$76,732	\$0	\$520,428
Patron Fines and Fees	6,339	0	0	6,339
Earnings on Investments	4,758	0	0	4,758
Services Provided to Other Entities	40	0	0	40
Contributions, Gifts and Donations	20,984	0	2,500	23,484
Miscellaneous Receipts	2,337	0	0	2,337
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	478,154	76,732	2,500	557,386
Cash Disbursements:				
Current:				
Salaries and Benefits	277,611	0	0	277,611
Purchased and Contracted Services	46,888	2,449	0	49,337
Supplies	26,221	0	0	26,221
Library Materials and Information	71,635	414	0	72,049
Other Objects	1,154	0	0	1,154
Capital Outlay	27,242	93,225	2,297	122,764
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	450,751	96,088	2,297	549,136
Total Cash Receipts Over/(Under) Cash Disbursements	27,403	(19,356)	203	8,250
Fund Cash Balances, January 1	91,115	39,903	17,677	148,695
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Fund Cash Balances, December 31	\$118,518	\$20,547	\$17,880	\$156,945
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Reserves for Encumbrances, December 31	\$24,557	\$4,750	\$203	\$29,510
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The notes to the financial statements are an integral part of this statement.

**BLANCHESTER PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Blanchester Public Library, Clinton County, Ohio (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 Blanchester Local School Board. 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. Stock donated to the Library was carried at market value at the time of donation.

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 to be accounted for in another fund.

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 Funds:

Special Levy Fund - This fund is used to record receipts and disbursements associated with a tax levy.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Funds:

Building Funds - Used to record the receipts and expenditures associated with the Library's building repairs.

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.

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 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.

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:

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	<u>1999</u>	<u>1998</u>
Petty cash/change funds	\$75	\$75
Demand deposits	188,601	133,773
Certificates of deposit	<u>45,507</u>	<u>10,000</u>
Total deposits	<u>234,183</u>	<u>143,848</u>
Stock	<u>0</u>	<u>13,097</u>
Total investments	<u>0</u>	<u>13,097</u>
Total deposits and investments	<u><u>\$234,183</u></u>	<u><u>\$156,945</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) or collateralized by the financial institution's public entity deposit pool.

Investments: The Library had stock donated to them during 1998, which was held at AAG Securities in the name of the Blanchester Public Library. There were no stipulations from the donor that the donation remain invested in the stock. During 1999, the Library sold the stock and purchased a certificate of deposit with the proceeds.

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	\$508,728	\$512,587	\$3,859
Special Revenue	90,030	90,654	624
Capital Projects	<u>43,097</u>	<u>46,255</u>	<u>3,158</u>
Total	<u><u>\$641,855</u></u>	<u><u>\$649,496</u></u>	<u><u>\$7,641</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$627,246	\$521,358	\$105,888
Special Revenue	110,577	62,900	47,677
Capital Projects	<u>60,977</u>	<u>203</u>	<u>60,774</u>
Total	<u><u>\$798,800</u></u>	<u><u>\$584,461</u></u>	<u><u>\$214,339</u></u>

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$454,676	\$478,154	\$23,478
Special Revenue	76,438	76,732	294
Capital Projects	2,500	2,500	0
Total	\$533,614	\$557,386	\$23,772

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$545,762	\$475,308	\$70,454
Special Revenue	116,341	100,838	15,503
Capital Projects	20,177	2,500	17,677
Total	\$682,280	\$578,646	\$103,634

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 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.

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

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.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

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

Blanchester Public Library
Clinton County
110 North Broadway Street
Blanchester, OH 45107

To the Board of Trustees:

We have audited the accompanying financial statements of the Blanchester Public Library, Clinton County, Ohio (the Library), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 24, 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.

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 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 24, 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".

Jim Petro
Auditor of State

April 24, 2000



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BLANCHESTER PUBLIC LIBRARY

CLINTON 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 6, 2000**