



**NEW MADISON PUBLIC LIBRARY
DARKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

NEW MADISON PUBLIC LIBRARY
DARKE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

New Madison Public Library
Darke County
P.O. Box 32
New Madison, Ohio 45346

To the Board of Trustees:

We have audited the accompanying financial statements of the New Madison Public Library, Darke County, Ohio, (the Library) as of and for the years ended December 31, 1999 and December 31, 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 June 28, 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

June 28, 2000

**NEW MADISON PUBLIC LIBRARY
DARKE 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**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Capital Project	
Cash Receipts:			
Government Grants-in-Aid	\$314,094	\$0	\$314,094
Patron Fines and Fees	6,698		6,698
Earnings on Investments	4,425		4,425
Contributions, Gifts and Donations	5,228		5,228
Miscellaneous Receipts	3,078		3,078
 Total Cash Receipts	 333,523	 0	 333,523
Cash Disbursements:			
Current:			
Salaries and Benefits	178,797		178,797
Supplies	7,585		7,585
Purchased and Contracted Services	40,399		40,399
Library Materials and Information	54,565		54,565
Other Objects	918		918
Capital Outlay	37,518		37,518
 Total Cash Disbursements	 319,782	 0	 319,782
 Total Cash Receipts Over/(Under) Cash Disbursements	 13,741	 0	 13,741
Other Financing Receipts/(Disbursements):			
Transfers-In		30,000	30,000
Transfers-Out	(30,000)		(30,000)
 Total Other Financing Receipts/(Disbursements)	 (30,000)	 30,000	 0
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (16,259)	 30,000	 13,741
 Fund Cash Balances, January 1	 89,001	 11,713	 100,714
 Fund Cash Balances, December 31	 \$72,742	 \$41,713	 \$114,455
 Reserves for Encumbrances, December 31	 \$7,026	 \$0	 \$7,026

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

**NEW MADISON PUBLIC LIBRARY
DARKE COUNTY**

**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>Capital Project</u>	
Cash Receipts:			
Government Grants-in-Aid	\$288,767	\$0	\$288,767
Patron Fines and Fees	7,253		7,253
Earnings on Investments	3,986		3,986
Contributions, Gifts and Donations	450		450
Miscellaneous Receipts	1,214		1,214
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	301,670	0	301,670
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Salaries and Benefits	170,909		170,909
Supplies	6,117		6,117
Purchased and Contracted Services	47,079		47,079
Library Materials and Information	41,336		41,336
Other Objects	838		838
Capital Outlay	10,426	6,467	16,893
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	276,705	6,467	283,172
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	24,965	(6,467)	18,498
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	64,036	18,180	82,216
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$89,001</u>	<u>\$11,713</u>	<u>\$100,714</u>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	<u>\$25,922</u>	<u>\$0</u>	<u>\$25,922</u>

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

**NEW MADISON PUBLIC LIBRARY
DARKE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

New Madison Public Library, Darke 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 Tri-Village School District. 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 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. 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:

Capital Project Fund 1 - Used for the acquisition of library equipment.

Capital Project Fund 2 - Used for the acquisition of buildings and additions.

**NEW MADISON PUBLIC LIBRARY
DARKE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$102,785	\$89,151
Certificates of deposit	11,670	11,563
Total deposits and investments	<u>\$114,455</u>	<u>\$100,714</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Library.

**NEW MADISON PUBLIC LIBRARY
DARKE COUNTY**

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

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$292,700	\$333,523	\$40,823
Capital Projects	0	30,000	30,000
Total	\$292,700	\$363,523	\$70,823

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$381,701	\$356,808	\$24,893
Capital Projects	11,713	0	11,713
Total	\$393,414	\$356,808	\$36,606

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$282,100	\$301,670	\$19,570
Capital Projects	0	0	0
Total	\$282,100	\$301,670	\$19,570

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$346,106	\$302,627	\$43,479
Capital Projects	18,180	6,467	11,713
Total	\$364,286	\$309,094	\$55,192

**NEW MADISON PUBLIC LIBRARY
DARKE COUNTY**

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

4. GRANTS-IN-AID

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.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Error and omissions

The Library also provides health insurance coverage 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**

New Madison Public Library
Darke County
P.O. Box 32
New Madison, Ohio 45346

To the Board of Trustees:

We have audited the accompanying financial statements of the New Madison Public Library, Darke County, Ohio (the Library), as of and for the years ended December 31, 1999, and December 31, 1998, and have issued our report thereon dated June 28, 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 June 28, 2000.

New Madison Public Library
Darke County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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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". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 28, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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NEW MADISON PUBLIC LIBRARY

DARKE 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
AUGUST 22, 2000**