



**Auditor of State  
Betty Montgomery**



LIMA PUBLIC LIBRARY  
ALLEN COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Lima Public Library  
Allen County  
650 West Market Street  
Lima, Ohio 45801

To the Board of Trustees:

We have audited the accompanying financial statements of the Lima Public Library, Allen County, (the Library), as of and for the years ended December 31, 2003 and 2002. 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 auditing standards generally accepted in the United States of America 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, 2003 and 2002, 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 8, 2004, 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, 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 that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

April 8, 2004

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**LIMA PUBLIC LIBRARY  
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Other Government Grants-In-Aid	\$3,644,211	\$2,000		\$3,646,211
Patron Fines and Fees	39,309			39,309
Earnings on Investments	33,716			33,716
Contributions, Gifts and Donations	15,520			15,520
Miscellaneous Receipts	56,937			56,937
	<hr/>			<hr/>
Total Cash Receipts	3,789,693	2,000		3,791,693
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	2,615,870			2,615,870
Library Materials and Information	656,261			656,261
Purchased and Contracted Services	386,993		\$8,378	395,371
Supplies	70,051			70,051
Other Objects	11,496			11,496
Capital Outlay	11,798		28,523	40,321
	<hr/>			<hr/>
Total Cash Disbursements	3,752,469		36,901	3,789,370
	<hr/>			<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	37,224	2,000	(36,901)	2,323
	<hr/>			<hr/>
Fund Cash Balances, January 1	1,498,332	3,606	1,326,138	2,828,076
	<hr/>			<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>1,535,556</u></b>	<b><u>5,606</u></b>	<b><u>1,289,237</u></b>	<b><u>2,830,399</u></b>
	<hr/>			<hr/>
Reserves for Encumbrances, December 31	<u>\$154,183</u>	<u>\$0</u>	<u>\$0</u>	<u>\$154,183</u>

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

**LIMA PUBLIC LIBRARY  
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Other Revenue	\$1,351		\$1,351
Services Provided to Other Entities		\$13,400	13,400
Total Operating Cash Receipts	1,351	13,400	14,751
<b>Operating Cash Disbursements:</b>			
Current:			
Library Materials and Information	803	9,451	10,254
Purchased and Contracted Services	80	4,956	5,036
Supplies		111	111
Total Operating Cash Disbursements	883	14,518	15,401
Operating Income/(Loss)	468	(1,118)	(650)
<b>Non-Operating Cash Receipts:</b>			
Earnings on Investments		64	64
Total Non-Operating Cash Receipts		64	64
Net Receipts Over/(Under) Disbursements	468	(1,054)	(586)
Fund Cash Balances, January 1	6,491	10,521	17,012
<b>Fund Cash Balances, December 31</b>	<b><u>\$6,959</u></b>	<b><u>\$9,467</u></b>	<b><u>\$16,426</u></b>

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

**LIMA PUBLIC LIBRARY  
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Other Government Grants-In-Aid	\$3,683,941			\$3,683,941
Patron Fines and Fees	34,641			34,641
Earnings on Investments	60,351			60,351
Miscellaneous Receipts	75,484		\$100,000	175,484
<b>Total Cash Receipts</b>	<b>3,854,417</b>		<b>100,000</b>	<b>3,954,417</b>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	2,508,947			2,508,947
Library Materials and Information	734,719			734,719
Purchased and Contracted Services	420,662		21,293	441,955
Supplies	84,864			84,864
Other Objects	14,529			14,529
Capital Outlay	30,663		31,906	62,569
<b>Total Cash Disbursements</b>	<b>3,794,384</b>		<b>53,199</b>	<b>3,847,583</b>
Total Cash Receipts Over/(Under) Cash Disbursements	60,033		46,801	106,834
Fund Cash Balances, January 1	1,438,299	\$3,606	1,279,337	2,721,242
<b>Fund Cash Balances, December 31</b>	<b><u>1,498,332</u></b>	<b><u>3,606</u></b>	<b><u>1,326,138</u></b>	<b><u>2,828,076</u></b>
Reserves for Encumbrances, December 31	<u>\$163,216</u>	<u>\$0</u>	<u>\$0</u>	<u>\$163,216</u>

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

**LIMA PUBLIC LIBRARY  
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Other Revenue	\$1,428		\$1,428
Services Provided to Other Entities		\$10,800	10,800
<b>Total Operating Cash Receipts</b>	<b>1,428</b>	<b>10,800</b>	<b>12,228</b>
<b>Operating Cash Disbursements:</b>			
Current:			
Library Materials and Information	1,456	6,399	7,855
Purchased and Contracted Services	32	4,956	4,988
Supplies		471	471
Other Objects		3	3
<b>Total Operating Cash Disbursements</b>	<b>1,488</b>	<b>11,829</b>	<b>13,317</b>
Operating Income/(Loss)	(60)	(1,029)	(1,089)
<b>Non-Operating Cash Receipts:</b>			
Earnings on Investments		168	168
<b>Total Non-Operating Cash Receipts</b>		<b>168</b>	<b>168</b>
Net Receipts Over/(Under) Disbursements	(60)	(861)	(921)
Fund Cash Balances, January 1	6,551	11,382	17,933
<b>Fund Cash Balances, December 31</b>	<b>\$6,491</b>	<b>\$10,521</b>	<b>\$17,012</b>

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

**LIMA PUBLIC LIBRARY  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Lima Public Library, Allen 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 Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Lima City 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.

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. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund. Repurchase agreements 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 Fund:

**Literacy Grant** – This fund receives grant money for the literacy program.

**LIMA PUBLIC LIBRARY  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(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 fund:

**Library Improvement and Maintenance Fund** – This fund receives tax money and transfers from the general fund. This money is used for repairs and improvements to the Library.

**4. Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Library had the following significant enterprise fund:

**Gift Shop Fund** – This fund receives money from the sales at the Library Gift Shop.

**5. Fiduciary Funds (Agency Funds)**

These funds account for operations of funds for which the Library is acting in an agency capacity. The Library had the following significant fiduciary fund:

**Entertainment Video Circuit** – This fund receives membership fees from other libraries. The money is used to purchase videos for the libraries to share.

**E. Budgetary Process**

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control.

A summary of 2003 and 2002 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. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

**LIMA PUBLIC LIBRARY  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(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 Library had \$490 in cash on hand for both years. The carrying amount of cash and investments at December 31 follows:

	<b>2003</b>	<b>2002</b>
Demand deposits	\$9,467	\$10,522
Public Funds	2,375,249	2,346,846
Total deposits	2,384,716	2,357,368
STAR Ohio	101,896	100,740
Repurchase agreement	359,723	386,490
Total investments	461,619	487,230
Total deposits and investments	\$2,846,335	\$2,844,598

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

**Investments:** Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form. Repurchase agreements are collateralized by specific securities purchased with funds swept from that account.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

<b>2003 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$4,040,290	\$3,789,693	(\$250,597)
Special Revenue	0	2,000	2,000
Enterprise	1,625	1,351	(274)
Total	\$4,041,915	\$3,793,044	(\$248,871)

<b>2003 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$4,331,524	\$3,906,652	\$424,872
Capital Projects	1,326,139	36,901	1,289,238
Enterprise	1,625	883	742
Total	\$5,659,288	\$3,944,436	\$1,714,852

<b>2002 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$4,103,327	\$3,854,417	(\$248,910)
Capital Projects	0	100,000	100,000
Enterprise	1,625	1,428	(197)
Total	\$4,104,952	\$3,955,845	(\$149,107)

**LIMA PUBLIC LIBRARY  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2002 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$4,319,379	\$3,957,600	\$361,779
Special Revenue	3,606	0	3,606
Capital Projects	1,279,338	53,199	1,226,139
Enterprise	1,625	1,488	137
Total	\$5,603,948	\$4,012,287	\$1,591,661

**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 based on of any additional revenues the Library receives.

**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 prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries for 2003 and 2002. The Library has paid all contributions required through December 31, 2003.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Lima Public Library has obtained commercial insurance for the following risks:

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

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

**LIMA PUBLIC LIBRARY  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**7. LIMA LIBRARY ASSOCIATION**

The Lima Library Association is a not-for-profit corporation that was incorporated in 1884. The Association was formed for the purpose of owning and acquiring books by purchase or gift and keeping the same as a public library in Lima, Ohio. When the Lima Public Library was created, the Association did not dissolve and remained intact for the purpose of supporting the Library.

The Association's revenues, expenses, and fund balance for the years ended December 31, 2003 and 2002, are as follows:

	<u>Revenues</u>	<u>Expenses</u>	<u>Fund Balances</u>
2003	\$124,636	\$ 63,877	\$3,232,977
2002	63,829	151,858	3,172,218

The amount spent on behalf of the Library for the years 2003 and 2002 were \$14,528 and \$113,502, respectively.

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**Auditor of State  
Betty Montgomery**

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

Lima Public Library  
Allen County  
650 West Market Street  
Lima, Ohio 45801

To the Board of Trustees:

We have audited the accompanying financial statements of the Lima Public Library, Allen County, (the Library), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 8, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated April 8, 2004.

**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 8, 2004.

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Lima Public Library  
Allen County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 8, 2004



**Auditor of State  
Betty Montgomery**

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**LIMA PUBLIC LIBRARY**

**ALLEN 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  
MAY 4, 2004**