



**ARCANUM PUBLIC LIBRARY  
DARKE COUNTY**

**REGULAR AUDIT**

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



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

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**STATE OF OHIO**



ARCANUM PUBLIC LIBRARY  
DARKE COUNTY

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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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## REPORT OF INDEPENDENT ACCOUNTANTS

Arcanum Public Library  
Darke County  
101 North Street  
Arcanum, OH 45304

To the Board of Trustees:

We have audited the accompanying financial statements of the Arcanum Public Library, Darke 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 fund cash balances and reserves for encumbrances of the Arcanum Public Library, Darke County, as of December 31, 1999 and 1998, and its 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 July 3, 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

July 3, 2000

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**ARCANUM PUBLIC LIBRARY  
DARKE COUNTY**

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

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>			
Government Grants-In-Aid	\$300,728	\$0	\$300,728
Patron Fines and Fees	4,346	0	4,346
Earnings on Investments	2,525	1,908	4,433
Contributions, Gifts and Donations	676	90,000	90,676
Miscellaneous Receipts	1,251	0	1,251
	<u>309,526</u>	<u>91,908</u>	<u>401,434</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Employee Finge Benefits	134,408	0	134,408
Purchased and Contracted Services	48,781	0	48,781
Library Materials and Information	48,526	0	48,526
Supplies	11,891	0	11,891
Other Miscellaneous Expense	842	0	842
Capital Outlay	3,784	0	3,784
	<u>248,232</u>	<u>0</u>	<u>248,232</u>
<b>Total Cash Disbursements</b>			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>61,294</u>	<u>91,908</u>	<u>153,202</u>
Fund Cash Balances, January 1	<u>124,099</u>	<u>43,052</u>	<u>167,151</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$185,393</u></b>	<b><u>\$134,960</u></b>	<b><u>\$320,353</u></b>
Reserves for Encumbrances, December 31	<u>\$2,597</u>	<u>\$0</u>	<u>\$2,597</u>

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

**ARCANUM PUBLIC LIBRARY  
DARKE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUND TYPE AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>			
Government - Grants In Aid	\$270,719	\$0	\$270,719
Patron Fines and Fees	4,107	0	4,107
Interest on Investments	2,452	1,117	3,569
Contributions, Gifts and Donations	446	0	446
Miscellaneous Receipts	943	0	943
	<u>278,667</u>	<u>1,117</u>	<u>279,784</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	122,534	0	122,534
Purchased and Contracted Services	57,451	0	57,451
Library Materials and Information	43,474	0	43,474
Supplies	9,261	0	9,261
Other Miscellaneous Expense	750	0	750
Capital Outlay	10,863	0	10,863
	<u>244,333</u>	<u>0</u>	<u>244,333</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>34,334</u>	<u>1,117</u>	<u>35,451</u>
Fund Cash Balances, January 1	<u>89,765</u>	<u>41,935</u>	<u>131,700</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$124,099</u></b>	<b><u>\$43,052</u></b>	<b><u>\$167,151</u></b>
Reserves for Encumbrances, December 31	<u>\$4,179</u>	<u>\$0</u>	<u>\$4,179</u>

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



**ARCANUM 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**

The Arcanum 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 the 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**

The Library maintains a checking account and a money market savings. 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. 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. Arcanum Public Library's trust fund is classified as an expendable trust fund.

**E. Budgetary Process**

The Ohio Administrative Code requires that each fund be budgeted annually.

**ARCANUM PUBLIC LIBRARY  
DARKE COUNTY**

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

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

**Appropriations**

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

**Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**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 Sick Leave**

Employees are entitled to cash payments for unused sick leave in certain circumstances, such as upon leaving employment. Unpaid 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	\$154,391	\$167,151
Certificates of deposit	165,962	0
	\$320,353	\$167,151
Total deposits	\$320,353	\$167,151

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

**ARCANUM 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 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$275,850	\$309,526	\$33,676
Expendable Trust	0	91,908	91,908
Total	\$275,850	\$401,434	\$125,584

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$320,669	\$250,829	\$69,840
Expendable Trust	0	0	0
Total	\$320,669	\$250,829	\$69,840

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$231,375	\$278,667	\$47,292
Expendable Trust	0	1,117	1,117
Total	\$231,375	\$279,784	\$48,409

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$318,564	\$248,512	\$70,052
Expendable Trust	0	0	0
Total	\$318,564	\$248,512	\$70,052

**ARCANUM PUBLIC LIBRARY  
DARKE COUNTY**

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

**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.

**6. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Commercial Bond on Clerk-Treasurer and Director
- Errors and omissions



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

Arcanum Public Library  
Darke County  
101 North Street  
Arcanum, Ohio 45304

To the Board of Trustees:

We have audited the accompanying financial statements of the Arcanum Public Library, Darke County, Ohio (the Library), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated July 3, 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 the management of the Library in a separate letter dated July 3, 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 July 3, 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". The signature is fluid and cursive, with a large loop at the end.

**JIM PETRO**  
Auditor of State

July 3, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**ARCANUM 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 24, 2000**