



**CARDINGTON-LINCOLN SCHOOL DISTRICT PUBLIC LIBRARY  
MORROW COUNTY**

**REGULAR AUDIT**

**FOR YEARS ENDING DECEMBER 31, 1999 - 1998**



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

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees  
Cardington-Lincoln School District Public Library  
Morrow County  
128 East Main Street  
Cardington, Ohio 43315

We have audited the accompanying financial statements of the Cardington-Lincoln School District Public Library, Morrow 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 fund cash balance of the Library as of December 31, 1999 and December 31, 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 April 14, 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 management, the 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.

**JIM PETRO**  
Auditor of State

April 14, 2000



**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>General</b>
<b>Cash Receipts:</b>	
Grants-In-Aid	\$178,618
Patron Fines and Fees	4,433
Interest	11,628
Contributions, Gifts and Donations	35
Miscellaneous	78
Total Cash Receipts	194,792
<b>Cash Disbursements:</b>	
Current:	
Salaries and Benefits	81,539
Supplies	3,395
Purchased and Contracted Services	14,448
Library Materials and Information	24,813
Miscellaneous	1,328
Capital Outlay	13,419
Total Cash Disbursements	138,942
Total Cash Receipts Over/(Under) Cash Disbursements	55,850
Fund Cash Balance, January 1, 1999	254,272
<b>Fund Cash Balance, December 31, 1999</b>	<b>\$310,122</b>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<b>General</b>
<b>Cash Receipts:</b>	
Grants-In-Aid	\$160,714
Patron Fines and Fees	3,674
Interest	11,539
Contributions, Gifts and Donations	314
Miscellaneous	2,086
 Total Cash Receipts	 178,327
<b>Cash Disbursements:</b>	
Current:	
Salaries and Benefits	76,430
Supplies	5,532
Purchased and Contracted Services	15,720
Library Materials and Information	30,658
Miscellaneous	665
Capital Outlay	23,925
 Total Cash Disbursements	 152,930
 Total Cash Receipts Over/(Under) Cash Disbursements	 25,397
 Fund Cash Balance, January 1, 1998	 228,875
 <b>Fund Cash Balance, December 31, 1998</b>	 <b>\$254,272</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**

Cardington-Lincoln School District Public Library, Morrow 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**

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 fund into the following type:

**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.

**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 level of control. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

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

**E. Budgetary Process (Continued)**

**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 Leave**

Employees are entitled to cash payments for unused vacation leave in certain circumstances, such as upon leaving employment. Unpaid vacation leave is not reflected as a liability under the 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	\$154,122	\$112,272
Certificates of deposit	<u>156,000</u>	<u>142,000</u>
Total deposits	<u><u>310,122</u></u>	<u><u>254,272</u></u>

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

**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 follows:

**1999 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	<u>\$140,950</u>	<u>\$194,792</u>	<u>\$53,842</u>

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	<u>\$172,450</u>	<u>\$138,942</u>	<u>\$33,508</u>

**1998 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	<u>\$129,805</u>	<u>\$178,327</u>	<u>\$48,522</u>

**1998 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	<u>\$164,150</u>	<u>\$152,930</u>	<u>\$11,220</u>

**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.

**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 risk:

- Comprehensive property and general liability



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

Board of Trustees  
Cardington-Lincoln School District Public Library  
Morrow County  
128 East Main Street  
Cardington, Ohio 43315

We have audited the financial statements of the Cardington-Lincoln School District Public Library, Morrow 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 April 14, 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 14, 2000.

**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 14, 2000.

This report is intended for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

**JIM PETRO**  
Auditor of State

April 14, 2000



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OFFICE OF THE AUDITOR  

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**CARDINGTON LINCOLN SCHOOL DISTRICT PUBLIC LIBRARY**

**MORROW 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, 2000**