



**DELPHOS PUBLIC LIBRARY
ALLEN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Delphos Public Library
Allen County
309 West Second Street
Delphos, Ohio 45833

To the Board of Trustees:

We have audited the accompanying financial statements of the Delphos Public Library, Allen County, (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 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 21, 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 21, 2000

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

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type Expendable</u>	<u>(Memorandum Only)</u>
	<u>General</u>	<u>Trust</u>	<u>Total</u>
Cash receipts:			
Property and Other Local taxes	\$45,577	\$0	\$45,577
Other Government Grants-In-Aid	440,794	0	440,794
Patron Fines and Fees	5,940	0	5,940
Earnings on Investments	20,392	40	20,432
Contributions, Gifts & Donations	2,160	0	2,160
Miscellaneous Receipts	7,686	0	7,686
	<u>522,549</u>	<u>40</u>	<u>522,589</u>
Total cash receipts			
Cash disbursements:			
Current:			
Salaries & Benefits	212,271	0	212,271
Supplies	12,178	0	12,178
Purchased & Contracted Services	34,275	0	34,275
Library Materials & Information	83,097	0	83,097
Capital Outlay	27,789	699	28,488
Other	5,234	0	5,234
	<u>374,844</u>	<u>699</u>	<u>375,543</u>
Total cash disbursements			
Total cash receipts over/(under) cash disbursements	147,705	(659)	147,046
Fund cash balances January 1, 1999	<u>383,726</u>	<u>683</u>	<u>384,409</u>
Fund cash balances, December 31, 1999	<u><u>\$531,431</u></u>	<u><u>\$24</u></u>	<u><u>\$531,455</u></u>

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

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

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type Expendable</u>	<u>(Memorandum Only)</u>
	<u>General</u>	<u>Trust</u>	<u>Total</u>
Cash receipts:			
Property and Other Local taxes	\$42,460	\$0	\$42,460
Other Government Grants-In-Aid	405,030	0	405,030
Patron Fines and Fees	5,848	0	5,848
Earnings on Investments	14,535	17	14,552
Contributions, Gifts & Donations	19,808	0	19,808
Miscellaneous Receipts	8,957	0	8,957
	<u>496,638</u>	<u>17</u>	<u>496,655</u>
Total cash receipts			
Cash disbursements:			
Current:			
Salaries & Benefits	221,490	0	221,490
Supplies	16,264	0	16,264
Purchased & Contracted Services	21,538	0	21,538
Library Materials & Information	113,793	0	113,793
Capital Outlay	43,107	0	43,107
Other	5,145	0	5,145
	<u>421,337</u>	<u>0</u>	<u>421,337</u>
Total cash disbursements			
Total cash receipts over/(under) cash disbursements	75,301	17	75,318
Fund cash balances January 1, 1998	<u>308,425</u>	<u>666</u>	<u>309,091</u>
Fund cash balances, December 31, 1998	<u><u>\$383,726</u></u>	<u><u>\$683</u></u>	<u><u>\$384,409</u></u>

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

The Delphos 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 the State of Ohio.

The Library is a city school district library as defined by Section 3375.14, Ohio Revised Code. The Library is directed by a seven member board of trustees, appointed by the Delphos 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. 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:

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.

Fiduciary Funds-Trust 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. The Library has the following significant fiduciary fund:

The Peltier Memorial Trust, an expendable trust fund, receives donations for the maintenance of the memorial.

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.

Appropriations

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

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 Vacation and Sick Leave

Employees must use vacation leave and are not entitled to cash payments for unused vacation or accumulated sick leave in under any circumstances.

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 cash on hand of \$55 and the carrying amount of cash and investments at December 31 follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$116,487	\$159,354
Certificates of deposit	414,913	225,000
Total deposits	<u>\$531,400</u>	<u>\$384,354</u>

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

**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			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$436,600	\$522,549	\$85,949
Fiduciary	17	40	23
Total	<u>\$436,617</u>	<u>\$522,589</u>	<u>\$85,972</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$374,844	\$374,844	\$0
Fiduciary	699	699	0
Total	<u>\$375,543</u>	<u>\$375,543</u>	<u>\$0</u>

1998 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$397,700	\$496,638	\$98,938
Fiduciary	16	17	1
Total	<u>\$397,716</u>	<u>\$496,655</u>	<u>\$98,939</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$352,700	\$421,337	(\$68,637)
Fiduciary	16	0	16
Total	<u>\$352,716</u>	<u>\$421,337</u>	<u>(\$68,621)</u>

4. GRANTS-IN-AID AND TAX RECEIPTS

A. Local Government Support Fund

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 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, operations, 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)

4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)

B. Property Taxes

The Board of Education of the Delphos City School District may annually levy a tax not to exceed 1.5 mills on the taxable property of such School District, for the purpose of providing funds for the operation of the Library. The basis for levying the tax is pursuant to the Library's certificate, which identifies the required and anticipated revenues from all sources other than a tax levy for the ensuing fiscal year. The certificate is completed during the month of May and is forwarded to the Board of Education of such School District for their discretion. The Board of Education levied a tax of .60 mills for the audit period.

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 Intergovernmental Receipts. 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.

5. RETIREMENT SYSTEMS

The Library's employees belong to the Public Employees Retirement System (PERS) 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 on years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of the 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
- Vehicles
- Errors and omissions

The Library maintains coverage as listed above through private carriers with limits of one million on liability (each loss) and two million in aggregate, limits of nine hundred thousand for building and limits of two hundred thousand on personal property.



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

Delphos Public Library
Allen County
309 West Second Street
Delphos, Ohio 45833

To the Board of Trustees:

We have audited the accompanying financial statements of the Delphos Public Library, Allen County, (the Library), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 21, 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 21, 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated April 21, 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 stylized with a large loop at the end.

Jim Petro
Auditor of State

April 21, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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DELPHOS 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 30, 2000