



**MARION LAWRENCE MEMORIAL LIBRARY
PREBLE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MARION LAWRENCE MEMORIAL LIBRARY
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REPORT OF INDEPENDENT ACCOUNTANTS

Marion Lawrence Memorial Library
Preble County
P.O. Box 866
Gratis, Ohio 45330

To the Board of Trustees:

We have audited the accompanying financial statements of the Marion Lawrence Memorial Library, Preble 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 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 August 23, 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.

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Jim Petro
Auditor of State

August 23, 2000

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**MARION LAWRENCE MEMORIAL LIBRARY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts:			
Taxes	\$74,829		\$74,829
Patron Fines and Fees	387		387
Earnings on Investments	10,508		10,508
Miscellaneous Receipts	215		215
 Total Cash Receipts	 85,939	 \$0	 85,939
Cash Disbursements:			
Current:			
Salaries and Benefits	17,842		17,842
Supplies	2,506		2,506
Purchased and Contracted Services	9,168		9,168
Library Materials and Information	10,701		10,701
Other Objects	1,498		1,498
Capital Outlay	7,498		7,498
 Total Cash Disbursements	 49,213	 0	 49,213
 Total Cash Receipts Over/(Under) Cash Disbursements	 36,726	 0	 36,726
Other Financing Receipts/(Disbursements):			
Transfers-In		5,885	5,885
Transfers-Out	(5,885)		(5,885)
 Total Other Financing Receipts/(Disbursements)	 (5,885)	 5,885	 0
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 30,841	 5,885	 36,726
 Fund Cash Balances, January 1	 162,626	 111,874	 274,500
 Fund Cash Balances, December 31	 \$193,467	 \$117,759	 \$311,226

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

**MARION LAWRENCE MEMORIAL LIBRARY
 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>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Taxes	\$67,220	\$0	\$67,220
Patron Fines and Fees	311		311
Earnings on Investments	9,936		9,936
Gifts	30		30
Miscellaneous Receipts	<u>792</u>		<u>792</u>
 Total Cash Receipts	 <u>78,289</u>	 <u>0</u>	 <u>78,289</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	17,874		17,874
Supplies	1,399		1,399
Purchased and Contracted Services	14,245		14,245
Library Materials and Information	13,058		13,058
Other Objects	1,031		1,031
Capital Outlay	<u>28,342</u>		<u>28,342</u>
 Total Cash Disbursements	 <u>75,949</u>	 <u>0</u>	 <u>75,949</u>
 Total Cash Receipts Over/(Under) Cash Disbursements	 <u>2,340</u>	 <u>0</u>	 <u>2,340</u>
Other Financing Receipts/(Disbursements):			
Transfers-in	263	5,662	5,925
Transfers-out	<u>(5,662)</u>		<u>(5,662)</u>
 Total Other Financing Receipts/(Disbursements)	 <u>(5,399)</u>	 <u>5,662</u>	 <u>263</u>
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 <u>(3,059)</u>	 <u>5,662</u>	 <u>2,603</u>
 Fund Cash Balances, January 1	 <u>165,685</u>	 <u>106,212</u>	 <u>271,897</u>
 Fund Cash Balances, December 31	 <u>\$162,626</u>	 <u>\$111,874</u>	 <u>\$274,500</u>

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

**MARION LAWRENCE MEMORIAL LIBRARY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

Operating Cash Receipts:	
Earnings on Investments	\$6
Total Operating Cash Receipts	6
Operating Cash Disbursements:	
Current:	
Other Objects	10
Total Operating Cash Disbursements	10
Operating Income/(Loss)	(4)
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(4)
Transfers-Out	(263)
Net Receipts Over/(Under) Disbursements	(267)
Fund Cash Balances, January 1	267
Fund Cash Balances, December 31	\$0

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

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**MARION LAWRENCE MEMORIAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Marion Lawrence Memorial Library, Preble 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 six-member Board of Trustees appointed by the Mayor of the Village. 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 Deposits

Certificates of deposits 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 Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects.

3. Fiduciary Fund (Nonexpendable Trust Fund)

Trust funds are used to account for resources restricted by legally binding trust agreements. The fund is classified as a nonexpendable trust fund because the agreement requires the Library to maintain the corpus of the trust. This fund was closed at December 31, 1998 because of finance charges resulting from inactivity.

**MARION LAWRENCE MEMORIAL LIBRARY
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

The Ohio Administrative Code, Section 117-4-07, requires each library on or about the first day of the year to pass an appropriation measure which can be amended during the year. Each Board must maintain an appropriation and authorization ledger.

Estimated Resources

The Ohio Administrative Code, Section 117-4-10, requires each library on or about the first day of each year to certify to the County Auditor the total amount from all sources for expenditure from each fund in the tax budget, with any balances that existed at the end of the preceding year. Upon determination by the Clerk/Treasurer that the revenue collected by the Board will be greater or less than the amount included in an official certificate, the Clerk/Treasurer certifies the amount of excess or deficiency to the budget commission.

2. 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. There were no material encumbrances as of December 31, 1999 or 1998 that were canceled and reappropriated 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.

2. EQUITY IN POOLED CASH AND DEPOSITS

The Library maintains a cash and deposits pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and deposits at December 31 follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$193,467	\$162,626
Certificates of deposit	117,759	111,874
	\$311,226	\$274,500
Total deposits	<u>\$311,226</u>	<u>\$274,500</u>

**MARION LAWRENCE MEMORIAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. EQUITY IN POOLED CASH AND DEPOSITS (Continued)

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.

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	\$69,000	\$85,939	\$16,939
Capital Projects	5,600	5,885	285
Total	\$74,600	\$91,824	\$17,224

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$124,350	\$55,098	\$69,252
Capital Projects	30,000	0	30,000
Total	\$154,350	\$55,098	\$99,252

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$55,500	\$78,552	\$23,052
Capital Projects	5,000	5,662	662
Fiduciary	8	6	(2)
Total	\$60,508	\$84,220	\$23,712

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$126,200	\$81,611	\$44,589
Capital Projects	30,000	0	30,000
Fiduciary	250	267	(17)
Total	\$156,450	\$81,878	\$74,572

**MARION LAWRENCE MEMORIAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

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 on account of any additional revenues realized by the Library.

5. RETIREMENT SYSTEM

The Library's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

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
- Errors and omissions



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

Marion Lawrence Memorial Library
Preble County
P. O. Box 686
Gratis, Ohio 45330

To the Board of Trustees:

We have audited the accompanying financial statements of the Marion Lawrence Memorial Library, Preble County, Ohio (the Library), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 23, 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 August 23, 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 August 23, 2000.

This report is intended solely for the information and use of 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", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

August 23, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MARION LAWRENCE MEMORIAL LIBRARY

PREBLE 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
SEPTEMBER 7, 2000**