



**NEW CARLISLE PUBLIC LIBRARY  
CLARK COUNTY**

**REGULAR AUDIT**

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



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

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**STATE OF OHIO**



NEW CARLISLE PUBLIC LIBRARY  
CLARK COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

New Carlisle Public Library  
Clark County  
111 East Lake Avenue  
New Carlisle, Ohio 45344

To the Board of Trustees:

We have audited the accompanying financial statements of the New Carlisle Public Library, Clark 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 of the Library 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 June 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 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

June 14, 2000



**NEW CARLISLE PUBLIC LIBRARY  
CLARK COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
State Income Taxes	\$435,531		\$435,531
Federal Grants-in-aid	15,000	\$282,808	297,808
Other Grants-in -aid	2,300		2,300
Patron Fines and Fees	3,039		3,039
Earnings on Investments	7,006		7,006
Contributions, Gifts and Donations	7,489	9,008	16,497
Miscellaneous Receipts	2,524		2,524
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	472,889	291,816	764,705
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	136,989		136,989
Supplies	21,594		21,594
Purchased and Contracted Services	18,994		18,994
Library Materials	66,981		66,981
Other Objects	11,210		11,210
Capital Outlay	25,051	387,690	412,741
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	280,819	387,690	668,509
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	192,070	(95,874)	96,196
<b>Other Financing Receipts/(Disbursements):</b>			
Proceeds from Sales of Property		38,513	38,513
Transfers-In		40,000	40,000
Transfers-Out	(40,000)		(40,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(40,000)	78,513	38,513
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	152,070	(17,361)	134,709
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	136,266	154,079	290,345
<b>Fund Cash Balances, December 31</b>	<hr/>	<hr/>	<hr/>
	<u>\$288,336</u>	<u>\$136,718</u>	<u>\$425,054</u>

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

**NEW CARLISLE PUBLIC LIBRARY  
CLARK COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
State Income Taxes	\$194,227		\$194,227
Federal Grants-in-aid		\$70,702	70,702
Patron Fines and Fees	3,132		3,132
Earnings on Investments	20,737		20,737
Contributions, Gifts and Donations		32,918	32,918
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	218,096	103,620	321,716
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	113,678		113,678
Supplies	5,874		5,874
Purchased and Contracted Services	10,205		10,205
Library Materials	28,057		28,057
Other Objects	716		716
Capital Outlay	260	367,343	367,603
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	158,790	367,343	526,133
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	59,306	(263,723)	(204,417)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	76,960	417,802	494,762
<b>Fund Cash Balances, December 31</b>	<hr/>	<hr/>	<hr/>
	<u>\$136,266</u>	<u>\$154,079</u>	<u>\$290,345</u>

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



**NEW CARLISLE PUBLIC LIBRARY  
CLARK COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

New Carlisle Public Library, Clark 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. 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:

**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 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:

**Building and Repair Fund** - This fund received Federal grant revenue for the construction of a new library.

**NEW CARLISLE PUBLIC LIBRARY  
CLARK COUNTY**

**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**

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus ed 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 carried over, and need not be reappropriated. The Library did not use the encumbrance method of accounting. required by the Ohio Administrative Code.

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 are entitled to cash payments for unused vacation in certain circumstances, such as upon leaving employment. Unpaid vacation is not reflected as liabilities under the cash basis of accounting used by the Library.

**2. EQUITY IN POOLED CASH**

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$374,117	\$290,345
Certificates of deposit	50,937	
	\$425,054	\$290,345
Total deposits	\$425,054	\$290,345

**NEW CARLISLE PUBLIC LIBRARY  
CLARK COUNTY**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Library, or (3) collateralized by the financial institution's public entity deposit pool.

**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	\$411,749	\$472,889	\$61,140
Capital Projects	282,808	370,329	87,521
Total	\$694,557	\$843,218	\$148,661

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$411,749	\$320,819	\$90,930
Capital Projects	0	387,690	(387,690)
Total	\$411,749	\$708,509	(\$296,760)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$206,060	\$218,126	\$12,066
Capital Projects	0	103,620	103,620
Total	\$206,060	\$321,746	\$115,686

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$169,960	\$158,790	\$11,170
Capital Projects	0	367,343	(367,343)
Total	\$169,960	\$526,133	(\$356,173)

The Board did not appropriate the Capital Project Fund as required by the Ohio Administrative Code.

**NEW CARLISLE PUBLIC LIBRARY  
CLARK COUNTY**

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

**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.

The Library received Federal Grants for construction of a new library and automation.

**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
- Errors and omissions

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

**7. PRIOR PERIOD ADJUSTMENT**

A prior period adjustment was posted to the Building and Repair Fund Balance because Certificates of Deposit were understated January 1, 1998.

Fund Balance previously reported	\$ 409,691
Prior Period Adjustment	<u>8,111</u>
Adjusted Fund Balance 1/1/98	<u>\$ 417,802</u>



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

New Carlisle Public Library  
Clark County  
111 East Lake Avenue  
New Carlisle, Ohio 45344

To the Board of Trustees:

We have audited the accompanying financial statements of the New Carlisle Public Library, Clark County, Ohio (the Library), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 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 instances of noncompliance that are required to be reported under Government Auditing Standards, which are described in the accompanying schedule of findings as items 1999-00312-001 and 1999-00312-002. We also noted an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated June 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that in our judgement, could affect the Library's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 1999-00312-003.

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.

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 reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also 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 June 14, 2000.

This report is intended 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, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

June 14, 2000

**NEW CARLISLE PUBLIC LIBRARY  
CLARK COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 1999-00312-001**

**Budgetary Controls**

Ohio Admin. Code 117-4-07 requires that all funds be budgeted and appropriated. The Library Board did not appropriate the Building and Repair Fund for 1999 or 1998. The purpose in appropriating funds is to limit expenditures to available resources and to provide a measure of comparing actual activity to expectations. Additionally, ledgers were not maintained for the Building fund. The Library Board should institute procedures to provide that all funds are appropriated. Also, revenue and appropriation ledgers should be maintained for all Library funds. These procedures should provide improved financial information for monitoring and decision making purposes.

**FINDING NUMBER 1999-00312-002**

**Purchase Orders**

Ohio Admin. Code Section 117-4-14(A) states (in part) that each board of library trustees shall execute a purchase order when offering to buy goods or services. The amount of each purchase order shall be encumbered as set forth in rule 117-04-07 of the Administrative Code before it is issued.

The Library did not use purchase orders during 1998, and the purchase orders for 1999 did not contain the approval of the Library Director or the certification of available funds by the Clerk-Treasurer. None of the purchase orders were encumbered on the appropriation ledgers.

The Library should develop and institute procedures to include the routine use of purchase orders as a means to improve controls over expenditures for all funds and enable the Library to better manage its resources.

**FINDING NUMBER 1999-00312-003**

**Cash Reconciliations**

The fund balances on the annual financial report did not agree with the amounts shown on the cash reconciliations for December 31, 1999 and 1998, which resulted in numerous audit adjustments to correct the financial statements. The following weaknesses were noted:

1. Beginning fund balances were not shown for January 1, 1998 which understated fund balances.
2. Transfers between bank accounts and proceeds received when Certificates of Deposit matured were recorded as other sources which overstated activity.
3. Both gross payroll and expenditures for payroll deductions were recorded which resulted in overstated expenditures.
4. The value of Certificates of Deposit were understated on the January 1, 1998 cash reconciliation, which resulted in understated fund balances.

The Library should maintain fund ledgers for each fund which includes receipts, expenditures and fund balances. These ledgers should be reconciled to the cash assets monthly and be reviewed by someone independent of the reconciliation process to improve the reliability of recorded financial information.

**NEW CARLISLE PUBLIC LIBRARY  
CLARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEARS ENDED DECEMBER 31, 1997 and 1996**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No Longer Valid; <b>Explain</b>
1997-00312-001	Library did not certify to the county auditor the total amount from all sources available for expenditures from each fund for 1996.	YES	
1997-00312-002	Library did not use purchase orders for 1996 or 1997.	NO	Partially corrected. Beginning in 1999, purchase orders were used but they were not used to post against available appropriations on the appropriation ledgers.
1997-00312-003	Library did not prepare bank reconciliations monthly during 1996 or 1997.	NO	Not corrected during current audit period. Comment repeated.
1997-00312-004	Financial report was not in agreement with supporting records and was not complete.	NO	Not corrected during current audit period. Comment repeated.





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**NEW CARLISLE PUBLIC LIBRARY**

**CLARK 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  
JULY 13, 2000**