



**LANE PUBLIC LIBRARY
BUTLER COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LANE PUBLIC LIBRARY
BUTLER COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Lane Public Library
Butler County
300 North Third Street
Hamilton, Ohio 45011

To the Board of Trustees:

We have audited the accompanying financial statements of the Lane Public Library, Butler County, Ohio (the Library), as of and for the years ended December 31, 2000 and 1999. 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 and reserves for encumbrances of Lane Public Library, Butler County, as of December 31, 2000 and 1999, 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 19, 2001, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 19, 2001

**LANE PUBLIC LIBRARY
BUTLER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash receipts:				
State income taxes	\$6,936,116	\$0	\$0	\$6,936,116
Patron fines and fees	124,452			124,452
Earnings on investments	138,627	208,699	31,985	379,311
Contributions, gifts and donations			9,764	9,764
Miscellaneous receipts	11,877		138	12,015
Total cash receipts	<u>7,211,072</u>	<u>208,699</u>	<u>41,887</u>	<u>7,461,658</u>
Cash disbursements:				
Current:				
Salaries and benefits	2,594,480			2,594,480
Supplies	91,008		270	91,278
Purchased and contracted services	736,653	61,325	2,904	800,882
Library materials and information	1,096,450		1,015	1,097,465
Miscellaneous	19,476			19,476
Capital Outlay	134,738	801,053	1,831	937,622
Total Cash Disbursements	<u>4,672,805</u>	<u>862,378</u>	<u>6,020</u>	<u>5,541,203</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>2,538,267</u>	<u>(653,679)</u>	<u>35,867</u>	<u>1,920,455</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		2,500,000		2,500,000
Transfers-Out	(2,500,000)			(2,500,000)
Total Other Financing Receipts/(Disbursements)	<u>(2,500,000)</u>	<u>2,500,000</u>		<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>38,267</u>	<u>1,846,321</u>	<u>35,867</u>	<u>1,920,455</u>
Fund Cash Balances, January 1	<u>1,288,085</u>	<u>4,921,621</u>	<u>854,984</u>	<u>7,064,691</u>
Fund Cash Balances, December 31	<u>\$1,326,352</u>	<u>\$6,767,942</u>	<u>\$890,851</u>	<u>\$8,985,146</u>
Reserves for Encumbrances, December 31	<u>\$483,099</u>	<u>\$799,669</u>	<u>\$1,050</u>	<u>\$1,283,818</u>

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

**LANE PUBLIC LIBRARY
BUTLER COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Nonexpendable Trust
Operating cash receipts:	
Earnings on investments	\$108,964
Total Operating Cash Receipts	108,964
Operating Cash Disbursements:	
Current:	
Loss on investment	100,842
Purchased and Contracted Services	4,659
Total Operating Cash Disbursements	105,501
Operating Income/(Loss)	3,463
Net Receipts Over/(Under) Disbursements	3,463
Fund Cash Balances, January 1	2,346,758
Fund Cash Balances, December 31	\$2,350,221

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

LANE PUBLIC LIBRARY
BUTLER COUNTY

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

	Governmental Fund Types		Fiduciary Fund Types	Totals (Memorandum Only)
	General	Capital Projects	Expendable Trust	
Cash receipts:				
State income taxes	\$6,427,263			\$6,427,263
Patron fines and fees	129,560			129,560
Earnings on investments	139,717	\$132,850	\$17,175	289,742
Contributions, gifts and donations			409,799	409,799
Miscellaneous receipts	14,543		210	14,753
Total cash receipts	<u>6,711,083</u>	<u>132,850</u>	<u>427,184</u>	<u>7,271,117</u>
Cash disbursements:				
Current:				
Salaries and benefits	2,403,522			2,403,522
Supplies	101,762		1,030	102,792
Purchased and contracted services	839,598		3,962	843,560
Library materials and information	1,172,145		6,488	1,178,633
Miscellaneous	18,506			18,506
Capital Outlay	139,818	148,578	4,973	293,369
Total Cash Disbursements	<u>4,675,351</u>	<u>148,578</u>	<u>16,453</u>	<u>4,840,382</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>2,035,732</u>	<u>(15,728)</u>	<u>410,731</u>	<u>2,430,735</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		2,250,000		2,250,000
Transfers-Out	(2,250,000)			(2,250,000)
Total Other Financing Receipts/(Disbursements)	<u>(2,250,000)</u>	<u>2,250,000</u>		<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(214,268)</u>	<u>2,234,272</u>	<u>410,731</u>	<u>2,430,735</u>
Fund Cash Balances, January 1 (As Restated see note 6)	<u>1,502,353</u>	<u>2,687,349</u>	<u>444,254</u>	<u>4,633,956</u>
Fund Cash Balances, December 31	<u>\$1,288,085</u>	<u>\$4,921,621</u>	<u>\$854,985</u>	<u>\$7,064,691</u>
Reserves for Encumbrances, December 31	<u>\$228,283</u>	<u>\$1,018,900</u>	<u>\$110</u>	<u>\$1,247,293</u>

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

LANE PUBLIC LIBRARY
BUTLER COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Gain on investment	\$214,615
Earnings on investments	109,963
Total Operating Cash Receipts	<u>324,578</u>
Operating Cash Disbursements:	
Current:	
Purchased and Contracted Services	<u>586</u>
Total Operating Cash Disbursements	<u>586</u>
Operating Income/(Loss)	<u>323,992</u>
Net Receipts Over/(Under) Disbursements	323,992
Fund Cash Balances, January 1	<u>2,023,191</u>
Fund Cash Balances, December 31	<u><u>\$2,347,183</u></u>
Reserves for Encumbrances, December 31	<u><u>\$14</u></u>

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

**LANE PUBLIC LIBRARY
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Lane Public Library, Butler County, (the Library) is a school district library established according to Ohio Revised Code, Section 3375.15. The Library is directed by a seven member Board of Trustees appointed by the governing authority. The governing authority is the Hamilton City School District Board of Education.

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. The investment in STAROhio (the State Treasurer's Asset Reserve) is valued at amounts reported by the Funds. Other securities are recorded 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

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The Library had the following significant Capital Project Fund:

Capital Project - This fund was used for building improvements, furniture, and equipment.

**LANE PUBLIC LIBRARY
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 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 had the following significant Fiduciary Funds:

Expendable Trust

Beverley B. Latta Trust - This trust fund was established in 1999. This trust was given to the Library with no specific stated restrictions. The Library Trustees accepted this trust to be used for purposes as determined by the Board. The trust is administered by the First National Bank of Southwestern Ohio Trust Department. The investment is valued at fair value at the date of donated.

Gifts and Memorials Oxford Fund - This fund is used to account for all contributions and income earned from investments made with gifts and memorials to the Oxford Branch. Appropriations are set up and expenditures made as requested by donors.

Gifts and Memorials Fund - This fund is used to account for all contributions and income earned from investments made with gifts and memorials to the Library, except those for the Oxford Branch and special trust funds. Appropriations are set up and expenditures made as requested by donors

Nonexpendable Trust

Marion Havighurst Endowment - This fund is used to account for an endowment in the amount of \$1,406,707 which was received in 1994 from the Walter E. Havighurst estate. The income from this endowment is to be used for the Oxford branch. The trust is administered by the First National Bank of Southwestern Ohio Trust Department. The investment is valued at fair value on the date donated.

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 Ohio Administrative Code (Section 117-4-07) requires each library on or about the first day of each year to pass an appropriation measure which can be amended or supplemented throughout the year as necessary.

**LANE PUBLIC LIBRARY
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 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 available 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 revenue collected by the Board will be greater or less than the amount included in the official certificate, the Clerk-Treasurer certifies the amount of excess or deficiency to the budget commission.

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.

A summary of 2000 and 1999 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 and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

**LANE PUBLIC LIBRARY
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investments pool used by all funds. As of December 31, 2000 and 1999, the Library had \$425 in petty cash on hand. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u>2000</u>	<u>1999</u>
<u>Deposits</u>		
Demand deposits	\$1,869,539	\$1,046,024
Certificates of deposit	<u>4,452,178</u>	<u>4,093,300</u>
Total deposits	<u>6,321,717</u>	<u>5,139,324</u>
<u>Investments</u>		
STAROhio	2,165,161	1,432,120
USAA Growth Mutual Funds (fair value of \$130,765 and \$161,553 at December 31, 2000 and 1999, respectively).	122,963	119,523
U.S. government securities	1,276,644	1,349,810
Common stock (fair value of \$2,885,389 and \$2,643,205 at December 31, 2000 and 1999, respectively).	1,448,457	1,370,672
Total investments	<u>5,013,225</u>	<u>4,272,125</u>
Total deposits and investments	<u>\$11,334,942</u>	<u>\$9,411,449</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.

Investments: U.S. Treasury securities, common stocks and the USAA Growth Mutual Funds are held in book-entry form by the First National Bank of Southwestern Ohio in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities. Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,863,450	\$7,211,072	\$347,622
Capital Projects	125,000	2,708,699	2,583,699
Fiduciary	<u>168,000</u>	<u>150,851</u>	<u>(17,149)</u>
Total	<u>\$7,156,450</u>	<u>\$10,070,622</u>	<u>\$2,914,172</u>

**LANE PUBLIC LIBRARY
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$8,151,535	\$7,655,904	\$495,631
Capital Projects	5,046,621	1,662,047	3,384,574
Fiduciary	1,001,991	112,571	889,420
Total	<u>\$14,200,147</u>	<u>\$9,420,522</u>	<u>\$4,769,625</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,671,878	\$6,711,083	\$39,205
Capital Projects	1,873,000	2,382,850	509,850
Fiduciary	651,192	751,762	100,570
Total	<u>\$9,196,070</u>	<u>\$9,845,695</u>	<u>\$649,625</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,200,753	\$7,153,634	\$47,119
Capital Projects	2,752,349	1,167,478	1,584,871
Fiduciary	540,771	17,149	523,622
Total	<u>\$10,493,873</u>	<u>\$8,338,261</u>	<u>\$2,155,612</u>

4. 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. In 1999, 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. In 2000, the Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 10.84% of participants' gross salaries. The Library has paid all contributions required through December 31, 2000.

5. RISK MANAGEMENT

The Library has obtained commercial insurance. The Library is insured for general liability, casualty, fidelity, and vehicle insurance. The Library also provides health insurance for full-time employees.

**LANE PUBLIC LIBRARY
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RESTATEMENT OF BEGINNING FUND CASH BALANCE

In 1999, the Expendable Trust Funds beginning balance was restated by \$13,253. The Library was carrying a growth mutual fund at market rather than at cost which is the required method for a cash basis entity. Restating the growth fund at cost decreased the Expendable Trust funds by \$13,253.



STATE OF OHIO
OFFICE OF THE AUDITOR

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

Lane Public Library
Butler County
300 North Third Street
Hamilton, Ohio 45011

To the Board of Trustees:

We have audited the accompanying financial statements of the Lane Public Library, Butler County, Ohio (the Library), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 19, 2001. 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.

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 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 19, 2001.

Lane Public Library
Butler County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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 19, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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LANE PUBLIC LIBRARY

BUTLER 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
JUNE 7, 2001**