



**NEWARK PUBLIC LIBRARY
LICKING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 -1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**NEWARK PUBLIC LIBRARY
LICKING COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Newark Public Library
Licking County
101 West Main Street
Newark, Ohio 43055

To the Board of Trustees:

We have audited the accompanying financial statements of the Newark Public Library, Licking County, Ohio, (the Library) as of and for the years ended December 31, 2000 and December 31, 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 reserve for encumbrances of the Library as of December 31, 2000 and December 31, 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 March 22, 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 that audit.

This report is intended solely for the information and use of the 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

March 22, 2001

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**NEWARK PUBLIC LIBRARY
LICKING 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 Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$3,303,053	\$0	\$0	\$3,303,053
Patron Fines and Fees	99,768	0	0	99,768
Earnings on Investments	82,146	177,227	921	260,294
Services Provided to Other Entities	39,751	0	0	39,751
Contributions, Gifts and Donations	1,762	0	1,040	2,802
Miscellaneous Receipts	38,159	0	0	38,159
Total Cash Receipts	<u>3,564,639</u>	<u>177,227</u>	<u>1,961</u>	<u>3,743,827</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	1,798,733	0	0	1,798,733
Supplies	116,227	0	0	116,227
Purchased and Contracted Services	442,897	0	1,261	444,158
Library Materials and Information	560,127	0	0	560,127
Other Objects	31,181	0	0	31,181
Capital Outlay	206,499	1,280,544	478,793	1,965,836
Total Cash Disbursements	<u>3,155,664</u>	<u>1,280,544</u>	<u>480,054</u>	<u>4,916,262</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>408,975</u>	<u>(1,103,317)</u>	<u>(478,093)</u>	<u>(1,172,435)</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property	0	323,703	0	323,703
Transfers-In	0	500,000	0	500,000
Transfers-Out	(500,000)	0	0	(500,000)
Total Other Financing Receipts/(Disbursements)	<u>(500,000)</u>	<u>823,703</u>	<u>0</u>	<u>323,703</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(91,025)</u>	<u>(279,614)</u>	<u>(478,093)</u>	<u>(848,732)</u>
Fund Cash Balances, January 1	<u>756,933</u>	<u>4,249,962</u>	<u>526,065</u>	<u>5,532,960</u>
Fund Cash Balances, December 31	<u>\$665,908</u>	<u>\$3,970,348</u>	<u>\$47,972</u>	<u>\$4,684,228</u>
Reserve for Encumbrances, December 31	<u>\$210,387</u>	<u>\$6,373</u>	<u>\$30,484</u>	<u>\$247,244</u>

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

**NEWARK PUBLIC LIBRARY
LICKING COUNTY**

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

	Fiduciary Fund Type
Operating Cash Disbursements:	
Current:	
Purchased and Contracted Services	\$3,000
Total Operating Cash Disbursements	3,000
Operating Income/(Loss)	(3,000)
Non-Operating Cash Receipts:	
Earnings on Investments	4,172
Total Non-Operating Cash Receipts	4,172
Net Operating Income	1,172
Fund Cash Balances, January 1	95,454
Fund Cash Balances, December 31	\$96,626
Reserve for Encumbrances, December 31	\$670

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

**NEWARK PUBLIC LIBRARY
LICKING 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**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$3,062,827	\$0	\$0	\$3,062,827
Patron Fines and Fees	80,926	0	0	80,926
Earnings on Investments	59,134	383,748	47,247	490,129
Services Provided to Other Entities	4,491	0	0	4,491
Contributions, Gifts and Donations	1,290	365	3,000	4,655
Miscellaneous Receipts	8,551	0	0	8,551
Total Cash Receipts	<u>3,217,219</u>	<u>384,113</u>	<u>50,247</u>	<u>3,651,579</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	1,484,962	0	0	1,484,962
Supplies	70,193	0	0	70,193
Purchased and Contracted Services	262,073	0	2,064	264,137
Library Materials and Information	451,847	0	0	451,847
Other Objects	34,389	0	0	34,389
Capital Outlay	136,471	6,840,789	456,730	7,433,990
Total Cash Disbursements	<u>2,439,935</u>	<u>6,840,789</u>	<u>458,794</u>	<u>9,739,518</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>777,284</u>	<u>(6,456,676)</u>	<u>(408,547)</u>	<u>(6,087,939)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	450,000	0	450,000
Transfers-Out	(450,000)	0	0	(450,000)
Total Other Financing Receipts/(Disbursements)	<u>(450,000)</u>	<u>450,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>327,284</u>	<u>(6,006,676)</u>	<u>(408,547)</u>	<u>(6,087,939)</u>
Fund Cash Balances, January 1	<u>429,649</u>	<u>10,256,638</u>	<u>934,612</u>	<u>11,620,899</u>
Fund Cash Balances, December 31	<u>\$756,933</u>	<u>\$4,249,962</u>	<u>\$526,065</u>	<u>\$5,532,960</u>
Reserve for Encumbrances, December 31	<u>\$275,135</u>	<u>\$868,995</u>	<u>\$500,964</u>	<u>\$1,645,094</u>

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

**NEWARK PUBLIC LIBRARY
LICKING COUNTY**

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

	Fiduciary Fund Type
Operating Cash Disbursements:	
Current:	
Purchased and Contracted Services	\$2,000
Other Objects	1,462
Total Operating Cash Disbursements	3,462
Operating Income/(Loss)	(3,462)
Non-Operating Cash Receipts:	
Earnings on Investments	4,747
Total Non-Operating Cash Receipts	4,747
Net Receipts Over/(Under) Disbursements	1,285
Fund Cash Balances, January 1	94,169
Fund Cash Balances, December 31	\$95,454
Reserve for Encumbrances, December 31	\$3,067

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

**NEWARK PUBLIC LIBRARY
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Newark Public Library, Licking County, Ohio, (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 7-member Board of Trustees appointed by the Board of Education of the Newark City 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.

Certificates of deposit and U.S. Treasury Notes 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 funds:

New Building Fund - Receives receipts designated for construction of a new library. This fund received the proceeds from a bond issue passed by the Board of Education of the Newark City School District. The Board will be responsible for the repayment of this issue.

**NEWARK PUBLIC LIBRARY
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Capital Project Funds (Continued)

Building and Repair Fund - Receives receipts designated for the repair of the new library. This fund received general fund transfers designated for this purpose.

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 non-expendable trust fund. Other trust funds are classified as expendable. The Library had the following significant fiduciary funds:

Miscellaneous Endowment and Reese Fund - Expendable trust funds endowed by patrons of the Library for the purpose of providing library services to the residents of Licking County according to the trust agreement.

Thomas and Banton Fund - Non-Expendable trust funds endowed by patrons of the Library for the purpose of providing library services to the residents of Licking County according to the trust agreement. The corpus of the trust cannot be used, only investment earnings are subject to expenditure.

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. Unencumbered appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

2. 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 re-appropriated.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**NEWARK PUBLIC LIBRARY
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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>2000</u>	<u>1999</u>
Demand deposits	\$259,942	\$1,583,106
Certificates of deposit	4,493,412	4,017,808
Total deposits	4,753,354	5,600,914
Treasury Notes	27,500	27,500
Total investments	27,500	27,500
Total deposits and investments	\$4,780,854	\$5,628,414

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 Notes are held in book-entry form by the Federal Reserve.

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,337,067	\$3,564,639	\$227,572
Capital Projects	169,054	1,000,930	831,876
Expendable Trust	4,203	1,961	(2,242)
Non-Expendable Trust	4,717	4,172	(545)
Total	\$3,515,041	\$4,571,702	\$1,056,661

**NEWARK PUBLIC LIBRARY
LICKING 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	\$4,094,000	\$3,866,051	\$227,949
Capital Projects	4,419,051	1,286,916	3,132,135
Expendable Trust	530,269	510,538	19,731
Non-Expendable Trust	30,904	3,670	27,234
Total	<u>\$9,074,224</u>	<u>\$5,667,175</u>	<u>\$3,407,049</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,095,351	\$3,217,219	\$121,868
Capital Projects	590,692	834,113	243,421
Expendable Trust	55,496	50,247	(5,249)
Non-Expendable Trust	6,619	4,747	(1,872)
Total	<u>\$3,748,158</u>	<u>\$4,106,326</u>	<u>\$358,168</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,525,000	\$3,165,070	\$359,930
Capital Projects	10,847,330	7,709,783	3,137,547
Expendable Trust	990,107	959,758	30,349
Non-Expendable Trust	31,522	6,529	24,993
Total	<u>\$15,393,962</u>	<u>\$11,841,140</u>	<u>\$3,552,819</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.

**NEWARK PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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% for 1999 and 10.84% for 2000 of participants' gross salaries. The Library has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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

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

Newark Public Library
Licking County
101 West Main Street
Newark, Ohio 43055

To the Board of Trustees:

We have audited the accompanying financial statements of the Newark Public Library, Licking County, Ohio (the Library), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated March 22, 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 March 22, 2001.

Newark Public Library
Licking County
Report of Independent Accountants 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

March 22, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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NEWARK PUBLIC LIBRARY

LICKING 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
APRIL 17, 2001**