



**NEWTON FALLS PUBLIC LIBRARY
TRUMBULL COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

NEWTON FALLS PUBLIC LIBRARY
TRUMBULL COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Newton Falls Public Library
Trumbull County
204 South Canal Street
Newton Falls, Ohio 44444

To the Board of Trustees:

We have audited the accompanying financial statements of the Newton Falls Public Library, Trumbull 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 reserves 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 June 11, 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 the audit committee, 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.

Jim Petro
Auditor of State

June 11, 2001

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**NEWTON FALLS PUBLIC LIBRARY
TRUMBULL COUNTY**

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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Capital Projects	
Cash Receipts:			
Taxes	\$860,646		\$860,646
Patron Fines and Fees	13,441		13,441
Earnings on Investments	11,463	\$4,079	15,542
Contributions, Gifts and Donations	2,232	125,591	127,823
Miscellaneous Revenue	793		793
	888,575	129,670	1,018,245
Cash Disbursements:			
Current:			
Salaries and Benefits	529,833		529,833
Supplies	30,977		30,977
Purchased and Contracted Services	94,425		94,425
Library Materials and Information	148,761		148,761
Other Objects	9,747		9,747
Capital Outlay	23,434		23,434
	837,177		837,177
Total Cash Disbursements	837,177		837,177
Total Cash Receipts Over/(Under) Cash Disbursements	51,398	129,670	181,068
Other Financing Receipts/(Disbursements):			
Transfers-In		2,415	2,415
Transfers-Out	(2,415)		(2,415)
	(2,415)	2,415	
Total Other Financing Receipts/(Disbursements)	(2,415)	2,415	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	48,983	132,085	181,068
Fund Cash Balances, January 1, 2000	105,610	52,759	158,369
Fund Cash Balances, December 31, 2000	\$154,593	\$184,844	\$339,437
Reserves for Encumbrances, December 31, 2000	\$154,593	\$122,990	\$277,583

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

**NEWTON FALLS PUBLIC LIBRARY
TRUMBULL COUNTY**

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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Capital Projects	
Cash Receipts:			
Taxes	\$809,029		\$809,029
Patron Fines and Fees	14,877		14,877
Earnings on Investments	8,686		8,686
Contributions, Gifts and Donations	1,812	\$4,683	6,495
Miscellaneous Revenue	1,749		1,749
	<u>836,153</u>	<u>4,683</u>	<u>840,836</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	479,021		479,021
Supplies	26,397		26,397
Purchased and Contracted Services	113,333		113,333
Library Materials and Information	131,134		131,134
Other Objects	7,327		7,327
Capital Outlay	42,598	5,500	48,098
	<u>799,810</u>	<u>5,500</u>	<u>805,310</u>
Total Cash Disbursements	<u>799,810</u>	<u>5,500</u>	<u>805,310</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>36,343</u>	<u>(817)</u>	<u>35,526</u>
Other Financing Receipts/(Disbursements):			
Transfers-Out	(40,037)		(40,037)
Transfers-In		40,037	40,037
	<u>(40,037)</u>	<u>40,037</u>	<u></u>
Total Other Financing Receipts/(Disbursements)	<u>(40,037)</u>	<u>40,037</u>	<u></u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,694)	39,220	35,526
Fund Cash Balances, January 1, 1999	<u>109,304</u>	<u>13,539</u>	<u>122,843</u>
Fund Cash Balances, December 31, 1999	<u>\$105,610</u>	<u>\$52,759</u>	<u>\$158,369</u>
Reserves for Encumbrances, December 31, 1999	<u>\$105,610</u>	<u>\$9,099</u>	<u>\$114,709</u>

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

**NEWTON FALLS PUBLIC LIBRARY
TRUMBULL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Newton Falls Public Library, Trumbull 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. Local public libraries were created by state statutes and are subject to state laws pertaining to public libraries (Ohio Revised Code, Chapter 3375).

The Library is directed by a 7 member Board of Trustees appointed by Newton Falls Exempted Village School District Board of Education. One Board Member's term expires every May 1. 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.

The Newton Falls Public Library Foundation, Inc. is a non-profit corporation. The Library's financial statements contain no information pertaining to the Library Foundation.

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

The Library utilizes a cash management account which invests all available funds in repurchase agreements which are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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.

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.

**NEWTON FALLS PUBLIC LIBRARY
TRUMBULL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Capital Project Fund

This fund is 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 Fund - This fund accounted for proceeds from donations for renovations to the library.

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 and object level of control. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

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 retirement. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

**NEWTON FALLS PUBLIC LIBRARY
TRUMBULL 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. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

Investments	<u>2000</u>	<u>1999</u>
Repurchase Agreements	\$16,762	\$18,157
STAR Ohio	<u>322,675</u>	<u>140,212</u>
Total deposits and investments	<u><u>\$339,437</u></u>	<u><u>\$158,369</u></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: Repurchase agreements are held in book-entry form by the Federal Reserve in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities. Investments in STAR Ohio 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	\$888,575	\$888,575	\$0
Capital Projects	<u>132,085</u>	<u>132,085</u>	<u>0</u>
Total	<u><u>\$1,020,660</u></u>	<u><u>\$1,020,660</u></u>	<u><u>\$0</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$994,185	\$994,185	\$0
Capital Projects	<u>122,990</u>	<u>122,990</u>	<u>0</u>
Total	<u><u>\$1,117,175</u></u>	<u><u>\$1,117,175</u></u>	<u><u>\$0</u></u>

**NEWTON FALLS PUBLIC LIBRARY
TRUMBULL COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$836,153	\$836,153	\$0
Capital Projects	44,720	44,720	0
Total	\$880,873	\$880,873	\$0

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$945,457	\$945,457	\$0
Capital Projects	58,678	14,599	44,079
Total	\$1,004,135	\$960,056	\$44,079

4. TAXES

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.

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 Other Governments Grants In Aid. 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.

**NEWTON FALLS PUBLIC LIBRARY
TRUMBULL COUNTY**

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

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. The 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. PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% in 1999 and 10.84% in 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 commercial liability
- Computer Equipment
- Valuable Papers and Records
- Errors and Omissions Liability

The Library also provides health insurance 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**

Newton Falls Public Library
Trumbull County
204 South Canal Street
Newton Falls, Ohio 44444

To the Board of Trustees:

We have audited the accompanying financial statements of the Newton Falls Public Library, Trumbull 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 June 11, 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.

Newton Falls Public Library
Trumbull County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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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.

Jim Petro
Auditor of State

June 11, 2001



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NEWTON FALLS PUBLIC LIBRARY

TRUMBULL 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 3, 2001**