



**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 1999 AND 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Orrville Public Library
Wayne County
230 North Main Street
Orrville, Ohio 44667

To the Board of Trustees:

We have audited the accompanying financial statements of the Orrville Public Library, Wayne 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 audits.

We conducted our audits 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 audits 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 audits provide 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 and reserves for encumbrances 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 April 26, 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 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 26, 2000

**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>	
Cash Receipts:			
Property and Other Local Taxes	\$793,967		\$793,967
Other Governmental Grants in Aid	12,371		12,371
Patron Fines and Fees	25,108		25,108
Earnings on Investments	79,462	\$94,896	174,358
Contributions, Gifts and Donations	15,214	225	15,439
Miscellaneous	2,270	600	2,870
Total Cash Receipts	<u>928,392</u>	<u>95,721</u>	<u>1,024,113</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	392,702		392,702
Purchased and Contracted Services	66,674	101,194	167,868
Other Objects	178,060		178,060
Capital Outlay	44,489	1,590,274	1,634,763
Total Cash Disbursements	<u>681,925</u>	<u>1,691,468</u>	<u>2,373,393</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>246,467</u>	<u>(1,595,747)</u>	<u>(1,349,280)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		233,885	233,885
Transfers-Out	(233,885)		(233,885)
Total Other Financing Receipts/(Disbursements)	<u>(233,885)</u>	<u>233,885</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>12,582</u>	<u>(1,361,862)</u>	<u>(1,349,280)</u>
Fund Cash Balances, January 1	<u>516,832</u>	<u>3,350,428</u>	<u>3,867,260</u>
Fund Cash Balances, December 31	<u>\$529,414</u>	<u>\$1,988,566</u>	<u>\$2,517,980</u>
Reserves for Encumbrances, December 31	<u>\$13,530</u>	<u>\$785,778</u>	<u>\$799,308</u>

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

**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>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$738,952			\$738,952
Other Governmental Grants in Aid	12,276	\$8,730		21,006
Patron Fines and Fees	27,666			27,666
Earnings on Investments	171,051			171,051
Contributions, Gifts and Donations	8,219		\$1,215	9,434
Miscellaneous	4,634		630	5,264
Total Cash Receipts	<u>962,798</u>	<u>8,730</u>	<u>1,845</u>	<u>973,373</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	383,286			383,286
Purchased and Contracted Services	72,780		175,267	248,047
Other Objects	195,201	213	44	195,458
Capital Outlay	27,813	11,427	200	39,440
Total Cash Disbursements	<u>679,080</u>	<u>11,640</u>	<u>175,511</u>	<u>866,231</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>283,718</u>	<u>(2,910)</u>	<u>(173,666)</u>	<u>107,142</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		2,910	151,691	154,601
Transfers-Out	(154,601)			(154,601)
Total Other Financing Receipts/(Disbursements)	<u>(154,601)</u>	<u>2,910</u>	<u>151,691</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>129,117</u>	<u>0</u>	<u>(21,975)</u>	<u>107,142</u>
Fund Cash Balances, January 1	<u>387,715</u>	<u>0</u>	<u>3,372,403</u>	<u>3,760,118</u>
Fund Cash Balances, December 31	<u>\$516,832</u>	<u>\$0</u>	<u>\$3,350,428</u>	<u>\$3,867,260</u>
Reserves for Encumbrances, December 31	<u>\$4,678</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,679</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	1999	1998
Operating Cash Receipts	\$0	\$0
Operating Cash Disbursements:		
Current:		
Other Objects	76	0
Operating (Loss)	(76)	0
Non-Operating Cash Receipts:		
Earnings on Investments	76	0
Net Receipts Over Disbursements	0	0
Fund Cash Balances, January 1	1,500	1,500
Fund Cash Balances, December 31	\$1,500	\$1,500
Reserves for Encumbrances, December 31	\$0	\$0

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Orrville Public Library, Wayne 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 seven-member Board of Trustees appointed by the Orrville City School District Board of Education. 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

Certificates of deposit are valued at cost. Donated stock is recorded at fair market value at the date of donation.

The Repurchase agreement investment is 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. Special Revenue Fund

This fund is used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library's only Special Revenue Fund is the LSCA Grant Fund which receives grant money from the State Library of Ohio to purchase library reference material.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. 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's only Capital Project Fund is the Building Repair Fund which receives monies to repair the existing building structure.

4. Fiduciary Fund (Trust Fund)

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's only fiduciary fund is the Nonexpendable Trust Toalston Fund which received money from a bequest. Interest earned on the monies may be expended upon the discretion of the Board.

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 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 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 investment 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>1999</u>	<u>1998</u>
Demand deposits	\$893,962	\$1,730,203
Certificates of deposit	<u>1,530,764</u>	<u>2,117,557</u>
Total deposits	<u>2,424,726</u>	<u>3,847,760</u>
Repurchase agreements	73,754	0
J.M. Smucker stock certificate	<u>21,000</u>	<u>21,000</u>
Total investments	<u>94,754</u>	<u>21,000</u>
Total deposits and investments	<u><u>\$2,519,480</u></u>	<u><u>\$3,868,760</u></u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

Investments: The Repurchase agreement investment is recorded at the bank balance reported on December 31, 1999. The donated stock is recorded at fair market value at the date of donation.

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	\$878,919	\$928,392	\$49,473
Capital Projects	330,000	329,606	(394)
Fiduciary	<u>75</u>	<u>76</u>	<u>1</u>
Total	<u><u>\$1,208,994</u></u>	<u><u>\$1,258,074</u></u>	<u><u>\$49,080</u></u>

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$992,135	\$929,340	\$62,795
Capital Projects	3,285,202	2,477,246	807,956
Fiduciary	76	76	0
Total	<u>\$4,277,413</u>	<u>\$3,406,662</u>	<u>\$870,751</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$916,239	\$962,798	\$46,559
Special Revenue	0	11,640	11,640
Capital Projects	181,500	153,536	(27,964)
Fiduciary	520	0	(520)
Total	<u>\$1,098,259</u>	<u>\$1,127,974</u>	<u>\$29,715</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$903,695	\$838,359	\$65,336
Special Revenue	11,640	11,640	0
Capital Projects	3,088,970	175,511	2,913,459
Fiduciary	10,000	0	10,000
Total	<u>\$4,014,305</u>	<u>\$1,025,510</u>	<u>\$2,988,795</u>

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.

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

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

4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)

the State, and are reflected in the accompanying financial statements as Other Governmental Grants in Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, 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.

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
- Vehicles
- Errors and omissions

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***

Orrville Public Library
Wayne County
230 North Main Street
Orrville, Ohio 44667

To the Board of Trustees:

We have audited the accompanying financial statements of the Orrville Public Library, Wayne County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 26, 2000. We conducted our audits 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 audits 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 an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated April 26, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 April 26, 2000.

Orrville Public Library
Wayne 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

April 26, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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ORRVILLE PUBLIC LIBRARY

WAYNE 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
MAY 11, 2000**