



**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2002, 2001 & 2000**



**Auditor of State  
Betty Montgomery**



**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Barberton Public Library  
Summit County  
602 W. Park Avenue  
Barberton, Ohio 44203

To the Board of Trustees:

We have audited the accompanying financial statements of the Barberton Public Library, Summit County, Ohio, (the Library) as of and for the years ended December 31, 2002, 2001 and 2000. 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 auditing standards generally accepted in the United States of America 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 of the Library as of December 31, 2002, 2001 and 2000, 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 November 20, 2003 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, and 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

November 20, 2003

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$1,189,501	\$0	\$0	\$0	\$1,189,501
Patron Fines and Fees	38,711	0	0	0	38,711
Earnings on Investments	19,239	0	0	0	19,239
Contributions, Gifts and Donations	805	2,736	0	0	3,541
Miscellaneous Receipts	14,300	20	0	0	14,320
	<u>1,262,556</u>	<u>2,756</u>	<u>0</u>	<u>0</u>	<u>1,265,312</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
Salaries and Benefits	829,852	0	0	0	829,852
Supplies	17,418	0	0	0	17,418
Purchased and Contracted Services	146,659	4,802	10,668	0	162,129
Library Material and Information	154,456	2,721	763	0	157,940
Other Objects	3,176	0	0	22	3,198
Capital Outlay	895	8,538	39,404	0	48,837
	<u>1,152,456</u>	<u>16,061</u>	<u>50,835</u>	<u>22</u>	<u>1,219,374</u>
<b>Total Cash Disbursements</b>					
Total Cash Receipts Over/(Under) Cash Disbursements	<u>110,100</u>	<u>(13,305)</u>	<u>(50,835)</u>	<u>(22)</u>	<u>45,938</u>
Fund Cash Balances, January 1	<u>504,948</u>	<u>25,668</u>	<u>418,508</u>	<u>1,248</u>	<u>950,372</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$615,048</b></u>	<u><b>\$12,363</b></u>	<u><b>\$367,673</b></u>	<u><b>\$1,226</b></u>	<u><b>\$996,310</b></u>

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

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$1,202,693	\$0	\$0	\$0	\$1,202,693
Other Government Grants-In-Aid	0	8,913	0	0	8,913
Patron Fines and Fees	35,576	0	0	0	35,576
Earnings on Investments	38,187	0	0	0	38,187
Contributions, Gifts and Donations	9,822	59,581	0	0	69,403
Miscellaneous Receipts	4,583	1,224	0	0	5,807
	<u>1,290,861</u>	<u>69,718</u>	<u>0</u>	<u>0</u>	<u>1,360,579</u>
Total Cash Receipts					
<b>Cash Disbursements:</b>					
Current:					
Salaries and Benefits	834,862	0	0	0	834,862
Supplies	25,299	423	0	47	25,769
Purchased and Contracted Services	160,388	8,520	10,199	0	179,107
Library Material and Information	183,143	11,324	1,728	0	196,195
Other Objects	5,955	0	0	0	5,955
Capital Outlay	0	23,783	61,306	0	85,089
	<u>1,209,647</u>	<u>44,050</u>	<u>73,233</u>	<u>47</u>	<u>1,326,977</u>
Total Cash Disbursements					
Total Cash Receipts Over/(Under) Cash Disbursements	<u>81,214</u>	<u>25,668</u>	<u>(73,233)</u>	<u>(47)</u>	<u>33,602</u>
Fund Cash Balances, January 1	<u>423,734</u>	<u>0</u>	<u>491,741</u>	<u>1,295</u>	<u>916,770</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$504,948</u></b>	<b><u>\$25,668</u></b>	<b><u>\$418,508</u></b>	<b><u>\$1,248</u></b>	<b><u>\$950,372</u></b>

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

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPE  
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>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$1,164,026	\$0	\$0	\$1,164,026
Patron Fines and Fees	31,914	0	0	31,914
Earnings on Investments	37,883	0	0	37,883
Contributions, Gifts and Donations	1,348	0	0	1,348
Miscellaneous Receipts	3,741	0	0	3,741
<b>Total Cash Receipts</b>	<u>1,238,912</u>	<u>0</u>	<u>0</u>	<u>1,238,912</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	648,038	0	0	648,038
Supplies	23,503	0	0	23,503
Purchased and Contracted Services	167,162	0	0	167,162
Library Material and Information	166,119	0	0	166,119
Other Objects	5,514	0	0	5,514
Capital Outlay	9,925	75,690	0	85,615
<b>Total Cash Disbursements</b>	<u>1,020,261</u>	<u>75,690</u>	<u>0</u>	<u>1,095,951</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>218,651</u>	<u>(75,690)</u>	<u>0</u>	<u>142,961</u>
<b>Fund Cash Balances, January 1</b>	<u>205,083</u>	<u>567,431</u>	<u>1,295</u>	<u>773,809</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$423,734</b></u>	<u><b>\$491,741</b></u>	<u><b>\$1,295</b></u>	<u><b>\$916,770</b></u>

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

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**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002, 2001, AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Barberton Public Library, Summit 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 Ohio. The Library is directed by a seven-member Board of Trustees appointed by Barberton City School 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash**

Certificates of deposit are valued at cost. The Library has no investments.

**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 Funds**

These funds are 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 had the following significant Special Revenue Funds:

Bill & Melinda Gates Fund – This fund received donated monies from a foundation for the purchase of computers for the Barberton Public Library.

Talk of the Town Fund - This fund receives monies from the sale of books written by a local Barberton Public Library historian on the history of the City of Barberton.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002, 2001, AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following significant capital project funds

Building Repair Fund – This fund accumulates monies for the repair and maintenance of the Library's building.

Automation Fund – This fund accumulates monies for upgrading software and hardware for the Library's automated systems.

Santmyer Bequest Fund – This fund received a bequest to be used for the improvement of the Library's children's floor as well as other improvements in the Library.

**4. Fiduciary Fund (Trust)**

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 Expendable Trust fund:

Earl L. Davis Fund – This fund is used for the purchase of furniture in the history room.

**E. Budgetary Process**

The Ohio Administrative Code requires budgeting for each fund annually.

**1. Appropriations**

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year. The Library did not encumber all commitments required by Ohio law during the 2000 year.

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are not required to estimate resources or encumber appropriations.

A summary of 2002, 2001 and 2000 budgetary activity appears in Note 3.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002, 2001, AND 2000  
(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. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

**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:

	2002	2001	2000
Demand deposits	\$596,010	\$299,391	\$166,470
Certificates of deposit	400,000	650,681	750,000
Petty Cash	300	300	300
Total deposits	\$996,310	\$950,372	\$916,770

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2002, 2001 and 2000 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,254,501	\$1,262,556	\$8,055
Special Revenue	0	2,756	2,756
Total	\$1,254,501	\$1,265,312	\$10,811

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,337,950	\$1,152,456	\$185,494
Special Revenue	11,608	16,061	(4,453)
Capital Projects	498,096	50,835	447,261
Fiduciary	1,195	22	1,173
Total	\$1,848,849	\$1,219,374	\$629,475

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002, 2001, AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,258,043	\$1,290,861	\$32,818
Special Revenue	63	69,718	69,655
Total	<u>\$1,258,106</u>	<u>\$1,360,579</u>	<u>\$102,473</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,338,517	\$1,209,647	\$128,870
Special Revenue	65,558	44,050	21,508
Capital Projects	226,376	73,233	153,143
Fiduciary	1,295	47	1,248
Total	<u>\$1,631,746</u>	<u>\$1,326,977</u>	<u>\$304,769</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,217,454	\$1,238,912	\$21,458

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,169,598	\$1,020,261	\$149,337
Capital Projects	251,388	75,690	175,698
Fiduciary	1,195	0	1,195
Total	<u>\$1,422,181</u>	<u>\$1,095,951</u>	<u>\$326,230</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 based on any additional revenues the Library receives.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002, 2001, AND 2000  
(Continued)**

**5. RETIREMENT SYSTEM**

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. OPERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees.

Contribution rates are prescribed by the Ohio Revised Code. The Library's OPERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001 and from January 1, 2000 through June 30, 2000. OPERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Library has paid all contributions required through December 31, 2002.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions.

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

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## **Auditor of State Betty Montgomery**

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

Barberton Public Library  
Summit County  
602 W. Park Avenue  
Barberton, Ohio 44203

To the Board of Trustees:

We have audited the accompanying financial statements of the Barberton Public Library, Summit County, Ohio, (the Library) as of and for the years ended December 31, 2002, 2001 and 2000, and have issued our report thereon dated November 20, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 2002-001 and 2002-002.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated November 20, 2003.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 judgment, could adversely affect the Library's ability to record, process, summarize and report financial data consistent with assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2002-003 through 2002-008.

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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 that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses.

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 November 20, 2003.

This report is intended solely for the information and use of the audit committee, management and the 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

November 20, 2003

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Noncompliance Citations**

**FINDING NUMBER 2002-001**

**Ohio Admin. Code 117-4-14 (A) (B) and (D)** effective through December 31, 2000, require that a purchase order be used when offering to buy goods or services. The purchase order is to include the clerk's certification regarding the availability of funds for the purchase. The purchase order is to be completed and recorded as an encumbrance in the accounting ledgers, prior to issuance.

Of the expenditures tested for the year 2000, approximately 27% were not certified by the Clerk-Treasurer until the time of payment. Failure to certify the availability of funds prior to incurring obligations could result in overspending of available resources.

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are no longer required to use purchase orders. However, the Library should develop and implement a policy/procedure requiring purchase orders which include the Clerk-Treasurer's certification of the availability of funds, prior to making the commitment.

**FINDING NUMBER 2002-002**

**Ohio Admin. Code 117-8-02** effective January 1, 2001 requires the Library Board to adopt appropriation measures which establish the legal level of control. The Library may not spend in excess of these budgeted amounts.

During budgetary testing, it was noted that expenditures exceeded appropriations at December 31, 2002 and 2001 in the following funds:

<b>2002</b>	<u><b>Fund</b></u>	<u><b>Appropriations</b></u>	<u><b>Expenditures</b></u>	<u><b>Variance</b></u>
	<b>Special Revenue</b>			
	Centennial Book (Fund # 201)	\$200	\$16,061	\$15,861
	<b>Trust &amp; Agency</b>			
	Earl L. Davis (Fund # 701)	\$0	\$22	\$22

**FINDING NUMBER 2002-002 (Continued)**

<b>2001</b>	<b><u>Fund</u></b>	<b><u>Appropriations</u></b>	<b><u>Expenditures</u></b>	<b><u>Variance</u></b>
	<b>Special Revenue</b>			
	Tuscora Park Health and Wellness Foundation (Fund # 203)	\$8,913	\$9,470	\$557
	Barberton Community Foundation - Books in Boxes (Fund # 206)	\$0	\$2,798	\$2,798

Expenditures for each fund should not exceed appropriations. Failure to follow approved budgets could lead to overspending and the possibility of negative fund balances. To ensure expenditures do not exceed appropriations, the Library should monitor its financial activity periodically and amend its approved budgets accordingly.

**Reportable Conditions**

**FINDING NUMBER 2002-003**

**Patron Fines & Fees Revenue**

The Librarians on the main and children's floors receive money from patrons to pay their fines and fees, as well as revenue collected from the copy machines in the Library. However, the Librarians do not provide support documentation of the types and amounts of revenue received when depositing with the Clerk/Treasurer. This condition increases the possibility that revenue collected may not all be remitted to the Clerk/Treasurer.

The Librarians should provide a report or tally sheet that would document monies received, by type (i.e., fines, copy money, etc.), for the day and the amount of this report or tally sheet should reconcile to the amount remitted to the Clerk/Treasurer. The Library's DYNIX System does provide a report to support the patron fines and fees collected; however, this report was not printed or otherwise maintained to support daily collections. In the future, this report should be printed and reconciled and attached to the appropriate receipts to help ensure that all money collected is adequately supported.

**FINDING NUMBER 2002-004**

**Budgetary Activity**

During budgetary testing, it was noted that appropriations exceeded estimated resources at December 31, 2002 and 2001 in the following funds:

	<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
<b>2002</b>				
<b>Special Revenue</b>				
	Centennial Book (Fund # 201)	\$0	\$200	\$200
	Barberton Community Foundation (Fund # 202)	\$0	\$9,542	\$9,542
	Tuscora Park Health and Wellness Foundation (Fund # 203)	\$0	\$969	\$969
	Barberton Community Foundation – Books in Boxes (Fund # 206)	\$0	\$497	\$497
	Talk of the Town Book (Fund # 210)	\$0	\$400	\$400
<b>Capital Projects</b>				
	Building & Repair (Fund # 401)	\$(41,465)	\$237,082	\$278,547
	Santmyer Bequest (Fund # 405)	\$0	\$101,949	\$101,949
	Automation (Fund # 475)	\$149,453	\$159,065	\$9,612
<b>Trust &amp; Agency</b>				
	Janice L. Moody (Fund # 702)	\$0	\$1,195	\$1,195
	<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
<b>2001</b>				
<b>Special Revenue</b>				
	Barberton Community Foundation (Fund # 202)	\$0	\$28,230	\$28,230
	Tuscora Park Health and Wellness Foundation (Fund # 203)	\$0	\$8,913	\$8,913
	Bill & Melinda Gates Foundation (Fund # 204)	\$0	\$28,416	\$28,416
<b>Capital Projects</b>				
	Building & Repair (Fund # 401)	\$100,919	\$147,631	\$46,712
<b>Trust &amp; Agency</b>				
	Janice L. Moody (Fund # 702)	\$0	\$1,195	\$1,195

**FINDING NUMBER 2002-004 (Continued)**

**Budgetary Activity (Continued)**

Appropriations for each fund should not exceed estimated resources. The Library should establish budgetary policies and procedures which provide for periodic determinations of estimated resources and which limit appropriations to such estimates. Failure to follow such a budgetary system could lead to overspending and the possibility of negative fund balances. To help ensure appropriations do not exceed estimated resources, the Library should monitor its financial activity periodically (perhaps monthly) and amend its approved budgets accordingly.

**FINDING NUMBER 2002-005**

**Cross-Training**

During the months of August through December 2000, the Library did not have a Clerk/Treasurer. The Deputy Clerk/Treasurer was not trained by the former Clerk/Treasurer and was not fully aware of all the required duties that needed performed to effectively operate the Library's computer accounting system as well as other duties involving the receipting, disbursing, and various compliance requirements, (i.e., federal and state tax payments).

The Clerk/Treasurer and Deputy Clerk/Treasurer should be cross-trained on the duties for each respective position. This will help ensure that during times of sick or vacation absences by either individual, that the other will be able to successfully perform the duties necessary including the operation the Library's computer accounting system.

**FINDING NUMBER 2002-006**

**Bank Reconciliations**

The following was noted regarding the bank reconciliation process at the Library during the 2000, 2001 and 2002 years:

- As an established control procedure, monthly bank to book reconciliations are prepared by the Clerk/Treasurer. During the audit period, bank to book reconciliations for the period January 2000 through July 2000 were prepared until the Clerk/Treasurer resigned. For the period August 2000 through December 2000 no one performed the bank reconciliations for the Library.
- The current Clerk/Treasurer reconciles bank balances to the Library's cash book fund balances on a monthly basis. However, these reconciliations are not reviewed by anyone other than the Clerk/Treasurer.

The following is recommended:

- Bank to book reconciliations should be performed on a monthly basis to help ensure the Library detects errors or irregularities timely, maintains accurate fund balances and has the ability to pay obligations.
- The monthly bank reconciliations should be presented and reviewed by someone other than the person performing the reconciliation, such as the Deputy Clerk/Treasurer or a member of the Board of Trustees. The individual(s) should review the monthly reconciliations to provide assurance that the amounts reported are accurate. The individual(s) also should sign and date the reconciliation as evidence the review has been performed.

### **FINDING NUMBER 2002-007**

#### **Supporting Documentation**

The following was noted regarding the support documentation for the Library's accounting records during the 2000, 2001 and 2002 years:

- The Library did not keep supporting documentation for many of the receipts. Additionally there were several receipts which could not be located. This could increase the possibility that revenue collected may not be recorded timely or in the appropriate account.
- During the audit period, purchase orders could not be located for 17% of the non-payroll expenditures tested. This increases the possibility that expenditures are being made without prior certification by the Clerk/Treasurer.
- During the audit period, adequate support documentation was not attached to the voucher packet and could not be found for 7% of the non-payroll expenditure tested. The documentation ranged from no purchase order, invoice or only one of several invoices to no support documentation at all. A lack of appropriate supporting documentation increases the possibility that the Library is paying for goods or services not actually received.

The following is recommended:

- To improve accountability over receipts, the Library should include adequate supporting documentation for all revenue receipted. This documentation may include copies of checks, letters etc., that will support the receipt. Additionally, the Library should ensure that all receipts are retained to provide accountability over the revenues.
- Effective January 1, 2001, Libraries were no longer subject to a prescribed budgetary system, which includes certification of available funds by use of a purchase order. However, to help ensure sound fiscal management, the Library should ensure that a purchase order including a certification as to the availability of funds is executed for all expenditures and that the purchase order is retained with the voucher packet.
- The Library should retain appropriate supporting documentation, requisitions, purchase orders, invoices and any other documentation necessary for all expenditures. This will help ensure that the Library is paying only for goods or services which were actually received.

### **FINDING NUMBER 2002-008**

#### **Procedures Manual**

The Library has not adopted a formal written accounting procedure manual, which should include items such as written job descriptions for the Clerk/Treasurer and Deputy Clerk/Treasurer, accounting procedure narratives for receipts, non-payroll expenditures and payroll expenditures and appropriate training for those positions. These narratives would detail the procedures necessary to perform each of the duties (receipting and disbursing of non-payroll and payroll transactions) necessary for the Clerk/Treasurer and Deputy Clerk/Treasurer positions. During the months of August through December 2000, the Library did not have a Clerk/Treasurer. The Deputy Clerk/Treasurer performed some of the duties in the absence of the Clerk/Treasurer, but was not aware of many of procedures that needed performed. The lack of a formal written accounting procedure manual creates an undefined system of accounting and reporting which could lead to a lack of segregation of duties, errors not being detected in a timely manner and incorrect accounting procedures.

**FINDING NUMBER 2002-008 (Continued)**

**Procedures Manual (Continued)**

The Library should develop and adopt a formal written accounting procedure manual to assist in the event that the Clerk/Treasurer and/or the Deputy Clerk/Treasurer is on vacation, sick or are no longer working for the Library. During these conditions, another member of the Library's administration could use the detailed accounting procedures manual to perform the day to day financial duties during any such absence. In addition, this will ensure that a defined system of accounting and reporting exists at the Library.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-00977-001	Ohio Admin. Code 117-4-14 (B) & (C) requires that all purchase orders be forwarded to the Clerk/Treasurer who shall complete and sign the certificate of availability.	No	Not corrected. A similar finding is repeated for the 2000 year. See Finding Number 2002-001. Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are no longer required to use purchase orders.

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**BARBERTON PUBLIC LIBRARY**

**SUMMIT 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  
JANUARY 6, 2004**