



**BARBERTON PUBLIC LIBRARY
SUMMIT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

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, 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 combined fund cash balances and reserves for encumbrances of the Library as of December 31, 1999 and 1998, 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 May 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

May 26, 2000

Barberton Public Library

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**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPE
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>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property and Other Local Taxes	\$1,092,494				\$1,092,494
Other Government Grants-In-Aid			\$24,012		24,012
Patron Fines and Fees	31,948				31,948
Earnings on Investments	27,282				27,282
Contributions, Gifts and Donations	2,692		101,949		104,641
Miscellaneous Receipts	5,214	\$1,260			6,474
Total Cash Receipts	1,159,630	1,260	125,961	0	1,286,851
Cash Disbursements:					
Current:					
Salaries and Benefits	679,410				679,410
Supplies	24,261				24,261
Purchased and Contracted Services	148,301				148,301
Library Materials and Information	160,728				160,728
Other Objects	3,222				3,222
Capital Outlay	32,996		24,461		57,457
Total Cash Disbursements	1,048,918	0	24,461	0	1,073,379
Total Cash Receipts Over/(Under) Cash Disbursements	110,712	1,260	101,500	0	213,472
Other Financing Receipts/(Disbursements):					
Transfers-In	1,260		120,000		121,260
Transfers-Out	(120,000)	(1,260)			(121,260)
Total Other Financing Receipts/(Disbursements)	(118,740)	(1,260)	120,000	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(8,028)		221,500	0	213,472
Fund Cash Balances, January 1	213,111		345,931	1,295	560,337
Fund Cash Balances, December 31	\$205,083	\$0	\$567,431	\$1,295	\$773,809
Reserves for Encumbrances, December 31	\$19,211	\$0	\$0	\$0	\$19,211

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<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>	
Cash Receipts:					
Property and Other Local Taxes	\$1,047,120				\$1,047,120
Other Government Grants-In-Aid			\$48,400		48,400
Patron Fines and Fees	30,655				30,655
Earnings on Investments	26,339				26,339
Contributions, Gifts and Donations	1,395			\$100	1,495
Miscellaneous Receipts	5,939	\$1,568			7,507
Total Cash Receipts	<u>1,111,448</u>	<u>1,568</u>	<u>48,400</u>	<u>100</u>	<u>1,161,516</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	598,328				598,328
Supplies	23,622				23,622
Purchased and Contracted Services	133,170		188		133,358
Library Materials and Information	184,032				184,032
Other Objects	5,321				5,321
Capital Outlay	24,758		49,600	1,170	75,528
Total Cash Disbursements	<u>969,231</u>	<u>0</u>	<u>49,788</u>	<u>1,170</u>	<u>1,020,189</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>142,217</u>	<u>1,568</u>	<u>(1,388)</u>	<u>(1,070)</u>	<u>141,327</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	1,568		119,943		121,511
Transfers-Out	(119,943)	(1,568)			(121,511)
Total Other Financing Receipts/(Disbursements)	<u>(118,375)</u>	<u>(1,568)</u>	<u>119,943</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>23,842</u>		<u>118,555</u>	<u>(1,070)</u>	<u>141,327</u>
Fund Cash Balances, January 1	<u>189,269</u>		<u>227,376</u>	<u>2,365</u>	<u>419,010</u>
Fund Cash Balances, December 31	<u>\$213,111</u>	<u>\$0</u>	<u>\$345,931</u>	<u>\$1,295</u>	<u>\$560,337</u>
Reserves for Encumbrances, December 31	<u>\$12,193</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$12,193</u>

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

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 the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the 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.

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:

Centennial Book 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.

Talk of 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

Capital Project 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 Projects 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.

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 Davis Fund - This fund is used for the purchase of furniture in the history room.

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).

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

The Library maintains a cash 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	\$123,524	\$160,052
Certificates of deposit	650,000	400,000
Petty Cash	<u>285</u>	<u>285</u>
Total deposits	<u><u>\$773,809</u></u>	<u><u>\$560,337</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Library.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,102,068	\$1,160,890	\$58,822
Special Revenue	0	1,260	1,260
Capital Projects	0	245,961	245,961
Fiduciary	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u><u>\$1,102,068</u></u>	<u><u>\$1,408,111</u></u>	<u><u>\$306,043</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,141,350	\$1,188,129	(\$46,779)
Special Revenue	0	1,260	(1,260)
Capital Projects	68,745	24,461	44,284
Fiduciary	<u>1,195</u>	<u>0</u>	<u>1,195</u>
Total	<u><u>\$1,211,290</u></u>	<u><u>\$1,213,850</u></u>	<u><u>(\$2,560)</u></u>

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,022,741	\$1,113,016	\$90,275
Special Revenue	0	1,568	1,568
Capital Projects	0	168,343	168,343
Fiduciary	0	100	100
Total	\$1,022,741	\$1,283,027	\$260,286

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,077,341	\$1,101,367	(\$24,026)
Special Revenue	0	1,568	(1,568)
Capital Projects	245,766	49,788	195,978
Fiduciary	2,365	1,170	1,195
Total	\$1,325,472	\$1,153,893	\$171,579

4. NONCOMPLIANCE

During the audit period, the Library did not certify the availability of funds for approximately 25% of its expenditures, contrary to Ohio Admin. Code 117-4-14 (B) and (C).

5. 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, operations, 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 Government 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.

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

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

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

6. 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.

7. RISK MANAGEMENT

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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**REPORT OF INDEPENDENT ACCOUNTANTS 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, 1999 and 1998, and have issued our report thereon dated May 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 1999-00977-001.

Internal Control Over Financial Reporting

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

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.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

May 26, 2000

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-00977-001

Ohio Admin. Code 117-4-14 (B) and (C) requires all purchase orders used by a Board of Library Trustees to be prepared by the purchasing authority and forwarded to the Clerk- Treasurer who shall complete and sign the certificate of availability.

Of the expenditures, contracts and/or open purchase commitments tested, approximately 25% were not certified by the Clerk-Treasurer until the time of payment. Failure to properly certify the availability of funds could result in over spending available resources.

We recommend that the Library develop and implement a policy and procedure to ensure all purchase orders include the Clerk-Treasurer's signature certifying the availability of funds, prior to making the commitment.



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OFFICE OF THE AUDITOR

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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
JULY 18, 2000**