

**WAYNE COUNTY PUBLIC LIBRARY
WAYNE COUNTY, OHIO**

BIENNIAL AUDIT

JANUARY 1, 2002 - DECEMBER 31, 2003





**Auditor of State
Betty Montgomery**

Board of Trustees
Wayne County Public Library

We have reviewed the Independent Auditor's Report of the Wayne County Public Library, Wayne County, prepared by Kennedy, Cottrell & Associates LLC, for the audit period January 1, 2002 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Wayne County Public Library is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

August 3, 2004

This Page is Intentionally Left Blank.

**WAYNE COUNTY PUBLIC LIBRARY
WAYNE COUNTY, OHIO**

JANUARY 1, 2002 TO DECEMBER 31, 2003

TABLE OF CONTENTS

Independent Auditor's Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances All Governmental and Similar Fiduciary Fund Types For the Year Ended December 31, 2003.....	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances Non-Expendable Trust Funds For the Year Ended December 31, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances All Governmental and Similar Fiduciary Fund Types For the Year Ended December 31, 2002.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances Non-Expendable Trust Funds For the Year Ended December 31, 2002.....	5
Notes to the Financial Statements.....	6
Independent Auditor's Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Wayne County Public Library
304 North Market Street
Wooster, Ohio 44691

We have audited the accompanying financial statements of the Wayne County Public Library, Wayne County, Ohio (the Library) as of and for the years ended December 31, 2002 and 2003. 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 described in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Ohio 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 Wayne County Public Library, Wayne County, as of December 31, 2002 and 2003, 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 30, 2004, 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 Finance/Audit Committee, management, Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than those specified parties.

Kennedy, Cottrell + Associates LLC

Kennedy, Cottrell + Associates
June 30, 2004

**WAYNE COUNTY PUBLIC LIBRARY
WAYNE COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 1,518,795	\$ -	\$ -	\$ 1,518,795
Government Grants-in-Aid	3,497,919	-	-	3,497,919
Patron Fines and Fees	164,770	-	-	164,770
Earnings on Investments	10,105	87,000	115	97,220
Contributions, Gifts and Donations	3,739	3,917	5,833	13,489
Miscellaneous	7,885	10,000	-	17,885
	<u>5,203,213</u>	<u>100,917</u>	<u>5,948</u>	<u>5,310,078</u>
Total Cash Receipts				
	5,203,213	100,917	5,948	5,310,078
Cash Disbursements:				
Current:				
Salaries and Benefits	2,413,097	-	-	2,413,097
Employee Fringe Benefits	720,429	-	-	720,429
Supplies	122,027	-	-	122,027
Purchased and Contracted Services	580,183	19,535	-	599,718
Library Materials and Information	816,823	-	-	816,823
Other Objects	27,892	-	-	27,892
Capital Outlay	69,010	1,199,761	-	1,268,771
	<u>4,749,461</u>	<u>1,219,296</u>	<u>-</u>	<u>5,968,757</u>
Total Cash Disbursements				
	4,749,461	1,219,296	-	5,968,757
Total Cash Receipts Over/(Under) Cash Disbursements	453,752	(1,118,379)	5,948	(658,679)
Fund Cash Balances, January 1, 2003	<u>787,823</u>	<u>5,223,317</u>	<u>5,223</u>	<u>6,016,363</u>
Fund Cash Balances, December 31, 2003	<u>\$ 1,241,575</u>	<u>\$ 4,104,938</u>	<u>\$ 11,171</u>	<u>\$ 5,357,684</u>
Reserve for Encumbrances, December 31, 2003	<u>215,443</u>	<u>208,355</u>	<u>105</u>	<u>423,903</u>

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

WAYNE COUNTY PUBLIC LIBRARY
WAYNE COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Nonxpendable Trust</u>
Operating Cash Receipts:	
Earnings on Investments	\$ 2,170
Operating Cash Disbursements:	
Library Materials and Information	<u>-</u>
Operating Income	2,170
Fund Cash Balances, January 1, 2003	<u>123,165</u>
Fund Cash Balances, December 31, 2003	<u>\$ 125,335</u>
Reserves for Encumbrances, December 31, 2003	\$ 108

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

**WAYNE COUNTY PUBLIC LIBRARY
WAYNE COUNTY, OHIO**

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 1,495,845	\$ -	\$ -	\$ 1,495,845
Government Grants-in-Aid	3,535,693	-	-	3,535,693
Patron Fines and Fees	168,164	-	-	168,164
Earnings on Investments	18,648	124,040	83	142,771
Contributions, Gifts and Donations	4,282	-	3,995	8,277
Miscellaneous	24,942	7,071	-	32,013
Total Cash Receipts	<u>5,247,574</u>	<u>131,111</u>	<u>4,078</u>	<u>5,382,763</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	2,635,779	-	-	2,635,779
Employee Fringe Benefits	655,547	-	-	655,547
Supplies	126,412	235	-	126,647
Purchased and Contracted Services	653,912	105,774	-	759,686
Library Materials and Information	795,036	-	118	795,154
Other Objects	19,640	-	-	19,640
Capital Outlay	96,516	226,276	-	322,792
Total Cash Disbursements	<u>4,982,842</u>	<u>332,285</u>	<u>118</u>	<u>5,315,245</u>
Total Cash Receipts Over/(Under) Cash Disbursements	264,732	(201,174)	3,960	67,518
Other Financing Receipts/(Disbursement)				
Transfers-In		1,675,000	200	1,675,200
Transfers-Out	<u>(1,675,200)</u>			<u>(1,675,200)</u>
Total of Other Financing Receipts/(Disbursements)	(1,675,200)	1,675,000	200	-
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,410,468)	1,473,826	4,160	67,518
Fund Cash Balances, January 1, 2002	<u>2,198,291</u>	<u>3,749,491</u>	<u>1,063</u>	<u>5,948,845</u>
Fund Cash Balances, December 31, 2002	<u>\$ 787,823</u>	<u>\$ 5,223,317</u>	<u>\$ 5,223</u>	<u>\$ 6,016,363</u>
Reserve for Encumbrances, December 31, 2002	<u>294,352</u>	<u>1,111,782</u>	<u>-</u>	<u>1,406,134</u>

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

WAYNE COUNTY PUBLIC LIBRARY
WAYNE COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Nonxpendable Trust</u>
Operating Cash Receipts:	
Earnings on Investments	\$ 3,872
Operating Cash Disbursements:	
Library Materials and Information	<u>69</u>
Operating Income	3,803
Fund Cash Balances, January 1, 2002	<u>119,362</u>
Fund Cash Balances, December 31, 2002	<u>\$ 123,165</u>
Reserves for Encumbrances, December 31, 2002	\$ -

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

**WAYNE COUNTY PUBLIC LIBRARY
WAYNE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Wayne County Public Library, Wayne 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: four are appointed by the Wayne County Commissioners and three are appointed by the Wayne County Common Pleas Court Judges. The Library provides the community with various educational and literary resources.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in the fund cash balance. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

Certificates of deposit and repurchase agreements are valued at cost. The investment in STAR Ohio (the State Treasurer's Investment Pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The Library has the following significant Capital Projects Fund:

Building and Repair Fund - This fund uses interest earnings for various construction and building repairs.

**WAYNE COUNTY PUBLIC LIBRARY
WAYNE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Library has the following significant fiduciary funds:

Amy Hagelin Memorial Fund — This expendable trust fund is used to account for a bequest that is used to purchase special books and other items for the library.

Patricia Bradford Memorial Fund — This nonexpendable trust fund is used to account for a bequest. The earnings are used solely for the purchase of library books for the Main and Rittman Branches of the Wayne County Public Library.

E. Budgetary Process

The Board must annually approve the appropriation measure and subsequent amendments. Unencumbered appropriations do not lapse at year end and therefore are not re-appropriated in the following year. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level, which is the Library's legal level of control.

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

In certain circumstances, employees are entitled to cash payments for unused vacation and sick leave, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Library.

**WAYNE COUNTY PUBLIC LIBRARY
WAYNE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

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, 2003 and 2002, were as follows:

	<u>2003</u>	<u>2002</u>
Demand Deposits	\$ (167,972)	\$ (54,252)
Certificates of Deposit	<u>1,228,323</u>	<u>2,244,792</u>
Total Deposits	<u>1,060,351</u>	<u>2,190,540</u>
Repurchase Agreements	1,185,590	1,727,890
Federal Securities	3,001,684	-
STAR Ohio	<u>235,393</u>	<u>2,221,098</u>
Total Investments	<u>4,422,667</u>	<u>3,948,988</u>
Total Deposits and Investments	<u>\$5,483,018</u>	<u>\$6,139,528</u>

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

Investments: 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, 2003 and 2002 was as follows:

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$5,691,643	\$5,203,213	\$(488,430)
Capital Projects	134,270	100,917	(33,353)
Fiduciary	<u>5,811</u>	<u>8,118</u>	<u>2,307</u>
Total	<u>\$5,831,724</u>	<u>\$5,312,248</u>	<u>\$(519,476)</u>

**WAYNE COUNTY PUBLIC LIBRARY
WAYNE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$5,338,077	\$4,964,904	\$373,173
Capital Projects	2,353,032	1,427,651	925,381
Fiduciary	<u>1,900</u>	<u>213</u>	<u>1,687</u>
Total	<u>\$7,693,009</u>	<u>\$6,392,768</u>	<u>\$1,300,241</u>

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$5,675,664	\$5,247,574	\$(428,090)
Capital Projects	317,359	1,806,110	1,488,751
Fiduciary	<u>4,407</u>	<u>7,950</u>	<u>3,543</u>
Total	<u>\$5,997,430</u>	<u>\$7,061,634</u>	<u>\$1,064,204</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$7,537,714	\$6,952,394	\$585,320
Capital Projects	1,178,572	1,444,067	(265,495)
Fiduciary	<u>2,777</u>	<u>187</u>	<u>2,590</u>
Total	<u>\$8,719,063</u>	<u>\$8,396,648</u>	<u>\$322,415</u>

**WAYNE COUNTY PUBLIC LIBRARY
WAYNE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

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), which is included in Government Grants-In-Aid. 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 knowledge of any additional revenues the Library receives.

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 Governments 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.

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 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, 2003 and 2002.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

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

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



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Wayne County Public Library
304 North Market Street
Wooster, Ohio 44691

We have audited the financial statements of Wayne County Public Library, Wayne County, Ohio (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 30, 2004. 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 and regulations, 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*. However, we noted other immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated June 30, 2004.

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. 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 does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated June 30, 2004.

This report is intended solely for the information and use of the Finance/Audit Committee, management, Board of Trustees and other officials authorized to receive this report under Section 117.26 of the Ohio Revised Code, and is not intended to be and should not be used by anyone other than those specified parties.

Kennedy, Cottrell + Associates LLC

Kennedy, Cottrell + Associates
June 30, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

WAYNE COUNTY 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
AUGUST 17, 2004**