



**MASSILLON PUBLIC LIBRARY
STARK COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Massillon Public Library
Stark County
208 Lincoln Way East
Massillon, Ohio 44646-8488

To the Board of Trustees:

We have audited the accompanying financial statements of the Massillon Public Library, Stark County, Ohio, (the Library) as of and for the year ended December 31, 1999. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Library as of December 31, 1999, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 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 the audit committee, 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

March 22, 2000

Massillon Public Library

**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, 1999**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
State Income Taxes	\$1,638,940				\$1,638,940
Patron Fines and Fees	51,283				51,283
Earnings on Investments	28,356	\$294	\$27,114	\$8,896	64,660
Contributions, Gifts and Donations	285,631	10,718	3,991		300,340
Miscellaneous	6,162				6,162
Total Cash Receipts	2,010,372	11,012	31,105	8,896	2,061,385
Cash Disbursements:					
Current:					
Salaries and Benefits	914,569				914,569
Purchased and Contracted Services	176,583	18	47,823		224,424
Other Objects	255,454	18,104			273,558
Capital Outlay	50,105		67,080		117,185
Total Cash Disbursements	1,396,711	18,122	114,903	0	1,529,736
Total Cash Receipts Over/(Under) Cash Disbursements	613,661	(7,110)	(83,798)	8,896	531,649
Other Financing Receipts/(Disbursements):					
Transfers-In	531,387	11,311	1,103,026	836,271	2,481,995
Transfers-Out	(1,343,310)		(304,104)	(834,581)	(2,481,995)
Total Other Financing Receipts/(Disbursements)	(811,923)	11,311	798,922	1,690	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(198,262)	4,201	715,124	10,586	531,649
Fund Cash Balances, January 1	600,000	0	339,894	301,929	1,241,823
Fund Cash Balances, December 31	\$401,738	\$4,201	\$1,055,018	\$312,515	\$1,773,472
Reserves for Encumbrances, December 31	\$57,608	\$3,492	\$168,204	\$0	\$229,304

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Massillon Public Library, Stark 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 Massillon City School District's Board of Education. The Library is a school district public library which provides the community with various educational and literary resources.

The Library is associated with an organization which is presented in Note 7.

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. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. The Repurchase Agreement investment is recorded at the bank balance reported on December 31, 1999.

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 McClymonds Fund which is used to account for monies received from the McClymond Library to purchase books.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(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 (except those financed through enterprise or trust funds). The Library had the following significant Capital Project Funds

Building and Repair Fund - This is used for all major construction or renovation.

4. 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. Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library's only fiduciary fund is the Expendable Trust Fund which is used to account for a bequest received from the Ethel Conrad Estate. These monies are restricted to be used for capital projects and repairs.

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 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
(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 investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u>1999</u>
Petty Cash/Change	\$1,050
Demand deposits	299,004
Certificates of deposit	<u>444,451</u>
Total deposits	<u>744,505</u>
STAR Ohio	1,016,351
Repurchase agreement	<u>12,616</u>
Total investments	<u>1,028,967</u>
Total deposits and investments	<u><u>\$1,773,472</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: 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, 1999 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,541,759	\$2,541,759	\$0
Special Revenue	22,323	22,323	0
Capital Projects	1,134,131	1,134,131	0
Fiduciary	<u>845,167</u>	<u>845,167</u>	<u>0</u>
Total	<u><u>\$4,543,380</u></u>	<u><u>\$4,543,380</u></u>	<u><u>\$0</u></u>

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,797,629	\$2,797,629	\$0
Special Revenue	21,614	21,614	0
Capital Projects	587,211	587,211	0
Fiduciary	834,581	834,581	0
Total	\$4,241,035	\$4,241,035	\$0

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.

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
- Errors and omissions

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

7. RELATED ORGANIZATION

The Massillon Public Library Board and Clerk-Treasurer hold the same positions for McClymond's Public Library Association, a not-for-profit entity incorporated under Chapter 1702 of Ohio Revised Code. The Library is not financially accountable for McClymond's Public Library Association and does not impose its will on the organization and a financial benefit/burden does not exist.

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

Massillon Public Library
Stark County
208 Lincoln Way East
Massillon, Ohio 44646-8488

To the Board of Trustees:

We have audited the accompanying financial statements of the Massillon Public Library, Stark County, Ohio, (the Library) as of and for the year ended December 31, 1999, and have issued our report thereon dated March 22, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated March 22, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted another matter 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 March 22, 2000.

Massillon Public Library
Stark County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of the audit committee, management, and 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

March 22, 2000



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OFFICE OF THE AUDITOR

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MASSILLON PUBLIC LIBRARY

STARK 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 2, 2000**