

STARK COUNTY DISTRICT LIBRARY  
AKRON/CANTON REGION, STARK COUNTY  
JANUARY 1, 1999 - DECEMBER 31, 1999



**BROTT MARDIS & CO.**

**Certified Public Accountants**

**Akron, Ohio 44308-1418**

STARK COUNTY DISTRICT LIBRARY  
AKRON/CANTON REGION, STARK COUNTY  
JANUARY 1, 1999 - DECEMBER 31, 1999

FISCAL YEAR AUDITED UNDER GAGAS: 1999

This audit report is subject to review and acceptance by the Auditor of State's office, and the requirements of ORC 117.25 are not met until the Auditor of State certifies this report. This process takes approximately two weeks and reports are subject to change if the Auditor of State determines that modification of a report is necessary to comply with required accounting or auditing standards.

STARK COUNTY DISTRICT LIBRARY

STARK COUNTY

JANUARY 1, 1999 THROUGH DECEMBER 31, 1999

CONTENTS

APPOINTED OFFICIALS	(i)
REPORT OF INDEPENDENT ACCOUNTANTS	1 - 2
FINANCIAL STATEMENTS:	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types for the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Fiduciary Funds - for the Year Ended December 31, 1999	4
Notes to the Financial Statements	5 - 11
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	12 - 13

STARK COUNTY DISTRICT LIBRARY  
STARK COUNTY, OHIO  
715 Market Avenue, North  
Canton, Ohio 44702

APPOINTED OFFICIALS  
AS OF DECEMBER 31, 1999

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BOARD OF TRUSTEES	TITLE	TERM OF OFFICE
Jacqueline Bollas Caldwell	President	4/28/93 - 4/27/00
Shawn O'Brien	Vice President	4/27/95 - 4/27/02
Eva Bradley	Secretary	4/28/97 - 4/27/04
Robin Austin	Member	4/28/98 - 4/27/05
Charles Bennell	Member	4/28/94 - 4/27/01
James Conley	Member	4/28/96 - 4/27/03
Donald Lightell	Member	4/28/99 - 4/27/06

ADMINISTRATIVE

Nancy B. Johnston	Director/Clerk Treasurer	Indefinitely
Russell E. Humerickhouse	Business Manager/Deputy Clerk Treasurer	Organizational Meeting 1999 to Organizational Meeting 2000

STATUTORY LEGAL COUNSEL

Robert D. Horowitz  
Stark County Prosecutor  
110 Central Plaza South  
Suite 510  
Canton, Ohio 44702



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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Telephone 614-466-4514  
800-282-0370  
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Board of Trustees  
Stark County District Library  
715 Market Avenue, North  
Canton, Ohio 44702

We have reviewed the Independent Auditor's Report of the Stark County District Library, Stark County, prepared by Brott Mardis & Co., for the audit period January 1, 1999 through December 31, 1999. 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 Stark County District Library is responsible for compliance with these laws and regulations.



JIM PETRO  
Auditor of State

June 21, 2000



BROTT MARDIS & CO.

Certified Public Accountants

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330-762-5022 fax: 330-762-2727 www.brottmardis.com

### Report of Independent Accountants

Board of Trustees  
Stark County District Library  
715 Market Avenue, North  
Canton, Ohio 44702

We have audited the financial statements of the Stark County District Library (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 standards applicable to financial audits contained in the *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 cash disbursements for the year then ended on the basis of accounting described in Note 1.

Stark County District Library  
Report of Independent Accountants  
Page 2

In accordance with *Government Auditing Standards*, we have also issued a report dated April 25, 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 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.

*Brott Maudis & Co.*

Certified Public Accountants  
April 25, 2000

STARK COUNTY DISTRICT LIBRARY  
STARK COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<b>Cash receipts:</b>			
Taxes	\$8,426,019	-	\$2,862,549
Patrons Fines and Fees	172,011	-	-
Earnings on Investments	365,922	-	-
Services Provided Other Entities	229,258	-	-
Contributions, Gifts & Donations	18,830	31,930	-
Miscellaneous	30,898	42,000	-
<b>Total cash receipts</b>	<b>9,242,938</b>	<b>73,930</b>	<b>2,862,549</b>
<b>Cash disbursements:</b>			
Salaries and Benefits	5,463,878	-	-
Supplies	176,754	782	-
Purchased & Contract Services	737,566	-	39,520
Library Materials and Information	1,491,966	31,931	-
Capital Outlay	80,987	26,299	-
<b>Debt Service:</b>			
Principal	-	-	4,000,000
Interest	-	-	157,960
Other	21,338	-	-
<b>Total cash disbursements</b>	<b>7,972,489</b>	<b>59,012</b>	<b>4,197,480</b>
<b>Total cash receipts over (under) cash disbursements</b>	<b>1,270,449</b>	<b>14,918</b>	<b>(1,334,931)</b>
<b>Other financing sources/(uses):</b>			
Transfers-In	-	-	173,729
Transfers-Out	(1,501,694)	-	-
<b>Total other financing sources/(uses)</b>	<b>(1,501,694)</b>	<b>-</b>	<b>173,729</b>
<b>Total cash receipts over/(under) cash disbursements and other financing sources/(uses)</b>	<b>(231,245)</b>	<b>14,918</b>	<b>(1,161,202)</b>
<b>Fund cash balances, December 31, 1998</b>	<b>1,839,494</b>	<b>6,603</b>	<b>2,647,197</b>
<b>Fund cash balances, December 31, 1999</b>	<b>\$1,608,249</b>	<b>\$21,521</b>	<b>\$1,485,995</b>
<b>Reserve for encumbrances, December 31, 1999</b>	<b>\$449,454</b>	<b>\$12,233</b>	<b>-</b>

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



	(Memorandum Only)
Capital Projects	Total
-	\$11,288,568
-	172,011
133,583	499,505
-	229,258
-	50,760
-	72,898
133,583	12,313,000
-	5,463,878
-	177,536
679,436	1,456,522
-	1,523,897
717,923	825,209
-	4,000,000
-	157,960
-	21,338
1,397,359	13,626,340
(1,263,776)	(1,313,340)
1,324,646	1,498,375
-	(1,501,694)
1,324,646	(3,319)
60,870	(1,316,659)
4,686,517	9,179,811
<u>\$4,747,387</u>	<u>\$7,863,152</u>
<u>\$309,139</u>	<u>\$770,826</u>

STARK COUNTY DISTRICT LIBRARY  
STARK COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES - FIDUCIARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1999

			(Memorandum only)
	Non-Expendable Trust	Agency	Total
Cash receipts:			
Earnings on investments	\$2,914	-	\$2,914
Cash disbursements:			
Supplies	637	-	637
Library Materials & Information	876	-	876
	<u>1,513</u>	<u>-</u>	<u>1,513</u>
Total cash receipts over cash disbursements	1,401	-	1,401
Other financing sources:			
Transfers-In	3,319	-	3,319
Fund cash balances, December 31, 1998	105,574	274	105,848
Fund cash balances, December 31, 1999	<u>\$110,294</u>	<u>\$274</u>	<u>\$110,568</u>
Reserve for encumbrances, December 31, 1999	<u>\$2,498</u>	<u>-</u>	<u>\$2,498</u>

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

**STARK COUNTY DISTRICT LIBRARY**

**STARK COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Stark County District Library (Library) is a body politic and corporate established for the purposes of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library operates under a Board of Trustees (7 members) appointed by the Stark County Commissioners and Common Pleas Judges, and provides the community with various educational and literary resources.

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

**B. Basis of Accounting**

These financial statements were prepared on the basis of accounting prescribed or permitted by the Auditor of State. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred.

**C. Cash and Investments**

The Investment in STAR Ohio (The State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. Repurchase Agreements are valued at cost, which approximates market value.

**D. Fund Accounting**

The Library uses fund accounting to segregate cash and investments that are restricted as to use. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Library functions or activities. The Library classifies its funds into the following types:

**General Fund**

The General Fund is the operating fund of the Library. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Debt Service Fund

This fund is used to account for accumulation of resources for general long-term debt repayment.

Capital Project Funds

These funds are used to account for the acquisition or construction of major capital projects.

Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. The Library had the following significant Non-expendable Trust Fund:

Madge Youtz Trust Fund - The interest of this fund is used for any purpose deemed appropriate for use by the Madge Youtz Branch of the Library.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

The Board shall pass an appropriation measure on or about the first day of each fiscal year. During the year the Board may pass such amended or supplemental appropriation measures as it deems necessary. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The Stark County Budget Commission must also approve estimated resources.

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 re-appropriated.

A summary of 1999 budgetary activity appears in Note 3.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation. The Library pays employees one-fourth the value of an employee's unused sick leave credit, if upon retirement or death, the employee has 20,000 compensated hours of service with the Library. Such sick leave credit payments shall be based on the employees' rate of pay at the time of retirement or death. The maximum payment of sick leave credit which may be made, under this section, shall be 200 hours. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting.

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. All deposits and investments of the Library (below) are considered to be Category 1 investments (as described in GASB Statement No. 3). Category 1 includes investments that are insured or registered, or securities held by the Library or its agent in the Library's name. The carrying amount which approximates market value of cash and investments at December 31, 1999, was as follows:

	<u>1999</u>
Petty Cash	\$ 695
Unrestricted Deposits	<u>(56,365)</u>
Total unrestricted deposits	(55,670)
Deposits restricted for permanent improvements	3,277,172
Deposits restricted for bond repayment	<u>1,485,994</u>
Total restricted deposits	4,763,166
Repurchase Agreement	16,392
STAR Ohio	<u>3,249,833</u>
Total investments	<u>3,266,225</u>
Total deposits and investments	<u>\$7,973,721</u>

2. **EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

Deposits:

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

Investments:

Investments in STAR Ohio are not evidenced by securities that exist in physical form.

3. **BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 1999, was as follows:

<u>1999 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$8,987,713	\$9,242,938	\$ 255,225
Special Revenue	73,930	73,930	-
Debt Service	2,747,267	2,862,549	115,282
Transfer from General	107,226	173,729	66,503
Capital Projects	4,040,000	133,583	(3,906,417)
Transfer from General	1,324,646	1,324,646	-
Fiduciary - Non-Expendable			
Trust	-	2,914	2,914
Transfer from General	<u>6,000</u>	<u>3,319</u>	<u>(2,681)</u>
Total	<u>\$17,286,782</u>	<u>\$13,817,608</u>	<u>\$(3,469,174)</u>

<u>1999 Appropriated vs. Budgeted Expenditures</u>			
<u>Fund Type</u>	<u>Appropriated Expenditures</u>	<u>Budgeted Expenditures</u>	<u>Variance</u>
General	\$9,082,156	\$8,421,943	\$ 660,213
Transfer to Capital Projects	1,324,646	1,324,646	-
Transfer to Fiduciary	6,000	3,319	2,681
Transfer to Debt Service	107,226	173,729	(66,503)
Special Revenue	80,533	71,245	9,288
Debt Service	5,501,690	4,197,480	1,304,210
Capital Projects	9,964,173	1,706,498	8,257,675
Fiduciary - Non-Expendable			
Trust	106,574	4,011	102,563
Fiduciary - Agency	<u>274</u>	<u>-</u>	<u>274</u>
Total	<u>\$26,173,272</u>	<u>\$15,902,871</u>	<u>\$10,270,401</u>

4. **RETIREMENT SYSTEMS**

The Library's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999, members of PERS 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.

5. **RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- Blanket building and contents
- Comprehensive property and general liability
- Errors and omissions

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

6. **DEFERRED COMPENSATION ASSETS**

These funds are maintained by custodians, as legally required. These assets, and the related receipts and disbursements, are not reflected in the Library's financial statements.

Certain employees may elect to participate in the Ohio Deferred Compensation Program (the Program). These funds are maintained in a trust held by the Board of the Ohio Public Employees Deferred Compensation Program, created in accordance with Internal Revenue Code Section 457. Amounts withheld from these employees are tax deferred, and are invested by the Program, as directed by the employees.

7. **CONTINGENT LIABILITIES**

During 1999, the Library was a defendant in a lawsuit. The Library was granted summary judgment in 1998, but the plaintiff is appealing the decision. Although the outcome of this suit is not presently determinable, counsel believes that the resolution of this matter will not have a material adverse effect on the Library's financial condition.

8. **DEBT**

On November 4, 1997, the electors of Stark County voted in majority favor of a \$10,540,000 bond issue for the Library. The purpose of the bond issue was to renovate, add to, construct, furnish, equip, and otherwise improve library facilities within the District. The bonds are to be repaid annually over a maximum period of five years. The bonds will be repaid with proceeds from a property tax levy which will be assessed outside the ten mill limitation at .75 mill for each dollar of tax valuation.

Pursuant to the above, the Library issued a one-year, 3.96% bond anticipation note on August 27, 1998, to Bank One, N.A. in the amount of \$4,000,000. The note matured on August 26, 1999. The Library received \$2,862,549 in property tax revenue during 1999 and \$2,647,197 (net of related fees of \$55,832) during 1998 which was used to fund the repayment of the note and will be used to repay any future notes issued from the Bond issue. In addition to the bond principal, the Library paid \$157,960 in accumulated interest during 1999.

At December 31, 1999, the Library had expended \$967,331 in note proceeds and had encumbered \$266,464 for permanent improvements pursuant to the levy.

9. **LEASES**

The Library leases one of its facilities under a 15-year noncancellable operating lease agreement and another under a 10-year noncancellable operating lease agreement. The aggregate required monthly lease payment is \$2,852 with annual increases based on the consumer price index. Two other facilities are leased under month-to-month operating lease agreements. The aggregate monthly payment for the month-to-month leases is \$2,700. Facility rent expense was approximately \$67,000 in 1999. Minimum rental payments required for the life of the leases are as follows:

2000	\$ 34,220
2001	34,220
2002	16,958
2003	16,958
2004	16,958
Thereafter	<u>94,681</u>
	<u>\$213,995</u>

In 1996, the Library entered into a 5-year capital lease arrangement with Ameritech Library Services for central site hardware, software, network products, peripherals, and maintenance related to its Dynix computerized circulation control and collection management system. The payments are due twice per year in the amount of \$161,040. The Library is reimbursed for part of the cost by six other libraries which participate in the Mid-eastern Ohio Automated Circulation System. These other libraries reimburse the Library based on their proportional circulation percentage per year in relation to the other libraries participating in



9. LEASES (Continued)

the program. In 1999, the other libraries were billed approximately 48% of the 1998 total lease cost. The reimbursement projection for 1999 costs is not yet determinable. However, management does expect the reimbursement percentage to be similar to that of 1998.

Minimum rental payments required for the life of the lease are as follows:

2000	\$322,080
2001	161,040
	<u>\$483,120</u>

10. COMMITMENTS

As of December 31, 1999, committed construction contracts in excess of encumbrances amounted to \$135,315.

11. SUBSEQUENT EVENTS

Bond Anticipation Notes

Pursuant to the Bond issue vote referenced to in Note 8, the Library issued a one-year, 4.74% bond anticipation note on February 24, 2000, to Bank One, N.A. in the amount of \$4,250,000. The note will mature on February 22, 2001.

Union Negotiations

On April 1, 2000, the Library's agreement with District 925 Service Employees International Union AFL-CIO expired. As of April 25, 2000, negotiations toward a new agreement were in process. However, a final agreement had not yet been resolved.



BROTT MARDIS & CO.

Certified Public Accountants

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**REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees  
Stark County District Library

We have audited the cash basis financial statements of the Stark County District Library (the Library) as of and for the year ended December 31, 1999, and have issued our report thereon dated April 25, 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 test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**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 cash basis 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the Library in a separate letter dated April 25, 2000.

This report is intended solely for the information of management and the Library Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

*Brott Mardis & Co.*

Certified Public Accountants  
April 25, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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STARK COUNTY DISTRICT 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.

By: Susan Babbitt

Date: JULY 6, 2000