



**WAYNE COUNTY PUBLIC LIBRARY
WAYNE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

WAYNE COUNTY PUBLIC LIBRARY

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

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, 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 June 30, 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

June 30, 2000

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**WAYNE COUNTY 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**

	<u>Governmental Fund Types</u>		<u>Fiduciary</u>	<u>Totals</u> (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Taxes				
State Income	\$3,493,757	\$0	\$0	\$3,493,757
General Property	1,291,599			1,291,599
Government Grants-In-Aid	132,380			132,380
Patron Fines and Fees	143,835			143,835
Earnings on Investments	217,798			217,798
Contributions, Gifts and Donations	8,265		25	8,290
Miscellaneous	59,211			59,211
Total Cash Receipts	5,346,845	0	25	5,346,870
Cash Disbursements:				
Current:				
Salaries and Benefits	2,615,165			2,615,165
Supplies	108,382			108,382
Purchased and Contracted Services	472,088			472,088
Library Materials and Information	757,867		138	758,005
Other Objects	58,816			58,816
Capital Outlay	15,396	1,258,689		1,274,085
Total Cash Disbursements	4,027,714	1,258,689	138	5,286,541
Total Cash Receipts Over/(Under) Cash Disbursements	1,319,131	(1,258,689)	(113)	60,329
Other Financing Receipts/(Disbursements):				
Transfers-In		1,150,000	200	1,150,200
Transfers-Out	(1,150,200)			(1,150,200)
Total Other Financing Receipts/(Disbursements)	(1,150,200)	1,150,000	200	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	168,931	(108,689)	87	60,329
Fund Cash Balances, January 1	896,942	3,107,107	772	4,004,821
Fund Cash Balances, December 31	\$1,065,873	\$2,998,418	\$859	\$4,065,150
Reserves for Encumbrances, December 31	\$170,559	\$13,190	\$119	\$153,033

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

**WAYNE COUNTY 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, 1998**

	<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>	
Cash Receipts:				
Taxes				
State Income	\$3,216,148	\$0	\$0	\$3,216,148
General Property	1,063,075			1,063,075
Government Grants-In-Aid	105,384			105,384
Patron Fines and Fees	150,206			150,206
Earnings on Investments	196,733			196,733
Contributions, Gifts and Donations	2,019		55	2,074
Miscellaneous	77,348			77,348
	<u>4,810,913</u>	<u>0</u>	<u>55</u>	<u>4,810,968</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries and Benefits	2,457,028			2,457,028
Supplies	106,165			106,165
Purchased and Contracted Services	429,122			429,122
Library Materials and Information	699,159		256	699,415
Other Objects	16,038			16,038
Capital Outlay	78,117	256,576		334,693
	<u>3,785,629</u>	<u>256,576</u>	<u>256</u>	<u>4,042,461</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>1,025,284</u>	<u>(256,576)</u>	<u>(201)</u>	<u>768,507</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property	32			32
Transfers-In		1,945,000	200	1,945,200
Transfers-Out	(1,945,200)			(1,945,200)
	<u>(1,945,168)</u>	<u>1,945,000</u>	<u>200</u>	<u>32</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(919,884)	1,688,424	(1)	768,539
Fund Cash Balances, January 1	<u>1,816,826</u>	<u>1,418,683</u>	<u>773</u>	<u>3,236,282</u>
Fund Cash Balances, December 31	<u>\$896,942</u>	<u>\$3,107,107</u>	<u>\$772</u>	<u>\$4,004,821</u>
Reserves for Encumbrances, December 31	<u>\$190,855</u>	<u>\$0</u>	<u>\$0</u>	<u>\$173,774</u>

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

**WAYNE COUNTY PUBLIC LIBRARY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 NONEXPENDABLE TRUST FUNDS
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	1999	1998
Operating Cash Receipts:		
Earnings on Investments	\$607	\$1,628
Contributions, Gifts and Donations	77,954	
Total Operating Cash Receipts	78,561	1,628
Operating Cash Disbursements:		
Purchased and Contracted Services	385	825
Library Materials and Information	372	
Total Operating Cash Disbursements	757	825
Net Receipts Over Disbursements	77,804	803
Fund Cash Balances, January 1	30,543	29,740
Fund Cash Balances, December 31	\$108,347	\$30,543
Reserves for Encumbrances, December 31	\$57	\$0

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

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**WAYNE COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

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 the State 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 Judge. 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 are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. Donated stocks are recorded at the share value at the time of donation.

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 enterprise or trust funds). The Library had the following significant Capital Projects Funds:

**WAYNE COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Capital Projects Funds (Continued)

Building and Repair Fund - This fund is used to account for transfers from the General Fund and is used for construction and building repairs.

Vehicle Replacement Fund - This fund is used to account for transfers from the General Fund and is used to purchase vehicles.

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 had the following significant fiduciary funds:

Amy Hagelin Memorial Fund - This fund is used to account for a bequest that is used to purchase reference books for the Library.

Creston Historical Fund - This fund is used to account for interest earned on a donation. Interest earned is used to purchase books and furnishings for the Creston branch.

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, function, and object 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 and 1998 budgetary activity appears in Note 3.

**WAYNE COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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. 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 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 follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	(\$127,695)	\$1,334
Certificates of deposit	<u>1,967,755</u>	<u>0</u>
Total deposits	<u>1,840,060</u>	<u>1,334</u>
Repurchase agreement	363,713	
Donated First Energy Corporation Stock	1,050	1,050
STAR Ohio	<u>1,968,674</u>	<u>4,032,980</u>
Total investments	<u>2,333,437</u>	<u>4,034,030</u>
Total deposits and investments	<u><u>\$4,173,497</u></u>	<u><u>\$4,035,364</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Library, or (3) 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. The donated First Energy Corporation securities are held by the Library.

**WAYNE COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

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	\$5,215,429	\$5,346,845	\$131,416
Capital Projects	1,150,000	1,150,000	0
Fiduciary	1,910	78,786	76,876
Total	<u>\$6,367,339</u>	<u>\$6,575,631</u>	<u>\$208,292</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,800,691	\$5,348,473	\$452,218
Capital Projects	1,560,000	1,271,879	288,121
Fiduciary	3,600	1,071	2,529
Total	<u>\$7,364,291</u>	<u>\$6,621,423</u>	<u>\$742,868</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,489,837	\$4,810,945	\$321,108
Capital Projects	1,500,000	1,945,000	445,000
Fiduciary	1,820	1,883	63
Total	<u>\$5,991,657</u>	<u>\$6,757,828</u>	<u>\$766,171</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,303,445	\$5,924,684	\$378,761
Capital Projects	525,399	256,576	268,823
Fiduciary	3,050	1,081	1,969
Total	<u>\$6,831,894</u>	<u>\$6,182,341</u>	<u>\$649,553</u>

**WAYNE COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

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.

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 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.

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 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
- Vehicles
- Errors and omissions

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

**WAYNE COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

7. SUBSEQUENT EVENT

The Library is finalizing plans for the construction of a new 95,000 square foot main Library building. Total expected cost of the project is \$17.8 million. The Library expects to issue bonded debt to cover the expenses of the project. Construction is anticipated to begin in February, 2001 and be completed in early 2003.



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

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

To the Board of Trustees:

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, 1999 and 1998, and have issued our report thereon dated June 30, 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 audits 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 certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated June 30, 2000.

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 June 30, 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". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 30, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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 22, 2000**