



**WILLARD MEMORIAL LIBRARY
HURON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**WILLARD MEMORIAL LIBRARY
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REPORT OF INDEPENDENT ACCOUNTANTS

Willard Memorial Library
Huron County
6 West Emerald Street
Willard, Ohio 44890-1498

To the Board of Trustees:

We have audited the accompanying financial statements of the Willard Memorial Library, Huron 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 12, 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

May 12, 2000

**WILLARD MEMORIAL 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 Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$3,600			\$3,600
Intergovernmental	777,358			777,358
Patron Fines and Fees	22,001			22,001
Earnings on Investments	15,413			15,413
Contributions, Gifts and Donations	1,330			1,330
Miscellaneous Receipts	2,464			2,464
	<u>822,166</u>			<u>822,166</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	441,431			441,431
Purchased and Contracted Services	73,721			73,721
Library Materials and Information	168,551			168,551
Supplies	27,496			27,496
Other Objects	9,806			9,806
Capital Outlay	25,947	\$35,141		61,088
	<u>746,952</u>	<u>35,141</u>		<u>782,093</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>75,214</u>	<u>(35,141)</u>		<u>40,073</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		52,646		52,646
Transfers-Out	(52,646)			(52,646)
	<u>(52,646)</u>	<u>52,646</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	22,568	17,505		40,073
Fund Cash Balances, January 1	<u>30,324</u>	<u>257,232</u>	<u>\$434</u>	<u>287,990</u>
Fund Cash Balances, December 31	<u>\$52,892</u>	<u>\$274,737</u>	<u>\$434</u>	<u>\$328,063</u>
Reserves for Encumbrances, December 31	<u>\$5,723</u>			<u>\$5,723</u>

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

**WILLARD MEMORIAL 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>	Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$3,625			\$3,625
Intergovernmental	704,905			704,905
Patron Fines and Fees	22,799			22,799
Earnings on Investments	10,306			10,306
Contributions, Gifts and Donations	1,050			1,050
Miscellaneous Receipts	753			753
	<u>743,438</u>			<u>743,438</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	354,485			354,485
Purchased and Contracted Services	74,543			74,543
Library Materials and Information	129,727			129,727
Supplies	22,616			22,616
Other Objects	21,374			21,374
Capital Outlay	3,690	\$63,001		66,691
	<u>606,435</u>	<u>63,001</u>		<u>669,436</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>137,003</u>	<u>(63,001)</u>		<u>74,002</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		135,604		135,604
Transfers-Out	(135,604)			(135,604)
	<u>(135,604)</u>	<u>135,604</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,399	72,603		74,002
Fund Cash Balances, January 1	<u>28,925</u>	<u>184,629</u>	<u>\$434</u>	<u>213,988</u>
Fund Cash Balances, December 31	<u>\$30,324</u>	<u>\$257,232</u>	<u>\$434</u>	<u>\$287,990</u>
Reserves for Encumbrances, December 31	<u>\$5,324</u>			<u>\$5,324</u>

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

**WILLARD MEMORIAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Willard Memorial Library, Huron 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 Willard City School District Board of Education. The Library provides the community with various educational and literary resources.

The Library is a related party organization of the Willard City School District. The Willard City School District is a separate entity from the Library and the financial statements of the School District are not included herein.

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 reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Except gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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.

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

2. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following capital project fund:

Building and Repair Fund - This fund accounts for the monies that are not needed in the General Fund and are put aside for future building and repairs of the Library building.

3. Fiduciary Funds (Trust and Agency 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 had the following significant fiduciary funds:

Trust and Endowment Funds - These funds were for Library purposes specified by the donors.

E. Budgetary Process

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

1. Appropriations

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.

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.

**WILLARD MEMORIAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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>	<u>1998</u>
Demand deposits	\$61,876	\$191,232
STAR Ohio	<u>266,187</u>	<u>96,758</u>
Total deposits and investments	<u><u>\$328,063</u></u>	<u><u>\$287,990</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 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$812,176	\$822,166	\$9,990
Capital Projects		<u>52,646</u>	<u>52,646</u>
Total	<u><u>\$812,176</u></u>	<u><u>\$874,812</u></u>	<u><u>\$62,636</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$842,500	\$805,321	\$37,179
Capital Projects		<u>35,141</u>	<u>(35,141)</u>
Total	<u><u>\$842,500</u></u>	<u><u>\$840,462</u></u>	<u><u>\$2,038</u></u>

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

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$684,399	\$743,438	\$59,039
Capital Projects		135,604	135,604
Total	\$684,399	\$879,042	\$194,643

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$713,324	\$747,363	(\$34,039)
Capital Projects	125,111	63,001	62,110
Fiduciary	434		434
Total	\$838,869	\$810,364	\$28,505

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 Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

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

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:

- Commercial Property
- Commercial General Liability
- EDP
- Errors and omissions

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

Willard Memorial Library
Huron County
6 West Emerald Street
Willard, Ohio 44890-1498

To the Board of Trustees:

We have audited the accompanying financial statements of the Willard Memorial Library, Huron County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 12, 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 May 12, 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 May 12, 2000.

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.

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

May 12, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WILLARD MEMORIAL LIBRARY

HURON 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
JUNE 1, 2000**