



**ORRVILLE PUBLIC LIBRARY  
WAYNE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



**ORRVILLE PUBLIC LIBRARY  
WAYNE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001 .....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000 .....	4
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Nonexpendable Trust Fund – For the Years Ended December 31, 2001 and 2000 .....	5
Notes to the Financial Statements .....	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	13

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Orrville Public Library  
Wayne County  
230 North Main Street  
Orrville, Ohio 44667

To the Board of Trustees:

We have audited the accompanying financial statements of the Orrville Public Library, Wayne County, Ohio, (the Library) as of and for the years ended December 31, 2001 and 2000. 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 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 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, 2001 and 2000, 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 February 20, 2002 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 audits.

This report is intended solely for the information and use of the audit committee, management, 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

February 20, 2002

**This page intentionally left blank.**

**ORRVILLE PUBLIC LIBRARY  
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$863,853			\$863,853
Other Government Grants-In-Aid	12,620	\$7,275		19,895
Patron Fines and Fees	38,737			38,737
Earnings on Investments	41,378		\$23,658	65,036
Contributions, Gifts and Donations	12,245	20,626		32,871
Miscellaneous	2,075			2,075
<b>Total Cash Receipts</b>	<u>970,908</u>	<u>27,901</u>	<u>23,658</u>	<u>1,022,467</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	540,709			540,709
Purchased and Contracted Services	106,913	2,715	248,379	358,007
Other Objects	209,386	1,459		210,845
Capital Outlay	14,653	9,267	30,209	54,129
<b>Total Cash Disbursements</b>	<u>871,661</u>	<u>13,441</u>	<u>278,588</u>	<u>1,163,690</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>99,247</u>	<u>14,460</u>	<u>(254,930)</u>	<u>(141,223)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	37	9,385		9,422
Transfers-Out	(9,385)	(37)		(9,422)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(9,348)</u>	<u>9,348</u>	<u>0</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>89,899</u>	<u>23,808</u>	<u>(254,930)</u>	<u>(141,223)</u>
<b>Fund Cash Balances, January 1</b>	<u>699,001</u>	<u>0</u>	<u>587,272</u>	<u>1,286,273</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$788,900</b></u>	<u><b>\$23,808</b></u>	<u><b>\$332,342</b></u>	<u><b>\$1,145,050</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$28,032</b></u>	<u><b>\$94</b></u>	<u><b>\$0</b></u>	<u><b>\$28,126</b></u>

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

**ORRVILLE PUBLIC LIBRARY  
WAYNE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<b>Totals</b>
	<u>General</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$850,468		\$850,468
Other Government Grants-In-Aid	12,584		12,584
Patron Fines and Fees	31,713		31,713
Earnings on Investments	33,553	\$85,396	118,949
Contributions, Gifts and Donations	19,834		19,834
Miscellaneous	10,314	3,042	13,356
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	958,466	88,438	1,046,904
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	455,168		455,168
Purchased and Contracted Services	79,135	29,080	108,215
Other Objects	219,211		219,211
Capital Outlay	35,365	1,460,652	1,496,017
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	788,879	1,489,732	2,278,611
Total Cash Receipts Over/(Under) Cash Disbursements	169,587	(1,401,294)	(1,231,707)
Fund Cash Balances, January 1	529,414	1,988,566	2,517,980
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$699,001</u></b>	<b><u>\$587,272</u></b>	<b><u>\$1,286,273</u></b>
Reserves for Encumbrances, December 31	<u>\$65,739</u>	<u>\$282,639</u>	<u>\$348,378</u>

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



**ORRVILLE PUBLIC LIBRARY  
WAYNE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
NONEXPENDABLE TRUST FUND  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	<b>2001</b>	<b>2000</b>
<b>Operating Cash Receipts:</b>		
Earnings on Investments	\$85	\$69
Contributions, Gifts & Donations	1,000	
Total Operating Cash Receipts	1,085	69
<b>Operating Cash Disbursements:</b>		
Current:		
Other Objects	107	42
Net Receipts Over Disbursements	978	27
Fund Cash Balances, January 1	1,527	1,500
<b>Fund Cash Balances, December 31</b>	<b>\$2,505</b>	<b>\$1,527</b>
Reserves for Encumbrances, December 31	\$4	\$27

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

**This page intentionally left blank.**

**ORRVILLE PUBLIC LIBRARY  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Orrville Public Library, Wayne 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 Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Orrville City School District. 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 balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. Donated common stock is valued at fair value when donated.

The repurchase agreement investment is recorded at cost.

**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.

**ORRVILLE PUBLIC LIBRARY  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. 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. The Library had the following significant Special Revenue Funds:

LSTA Grant Fund - This fund receives grant money from the State Library of Ohio to purchase library reference material.

Drew Carey Grant Fund - This fund received restricted money from Drew Carey for improving technology of the Library, and is reflected in the accompanying financial statements as Contributions, Gifts, and Donations.

**3. Capital Projects Funds**

This fund is 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's only Capital Projects Fund is the Building and Repair Fund which receives monies to repair the existing building structure.

**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 Nonexpendable Trust Toalston Fund which received money from a bequest. Interest earned on the monies may be expended according to the discretion of the Board.

**E. Budgetary Process**

The Ohio Administrative Code requires budgeting for each fund annually.

**1. Appropriations**

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances may not exceed appropriations at the fund level of control.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**ORRVILLE PUBLIC LIBRARY  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**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.

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. As a result, Libraries are no longer required to estimate resources or encumber appropriations.

A summary of 2001 and 2000 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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

**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:

	2001	2000
Demand deposits	\$540,735	\$218,784
Certificates of deposit	571,655	953,115
Total deposits	1,112,390	1,171,899
Repurchase agreement	34,615	115,351
Viacom Stock Certificate	550	550
Total investments	35,165	115,901
Total deposits and investments	\$1,147,555	\$1,287,800

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**ORRVILLE PUBLIC LIBRARY  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**Investments:** The Library's agent holds securities collateralizing repurchase agreements. The securities are not in the Library's name. The donated Viacom Stock is being held in the Library's vault.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$945,330	\$970,945	\$25,615
Special Revenue	37,286	37,286	0
Capital Projects	15,000	23,658	8,658
Fiduciary	1,168	1,085	(83)
Total	<u>\$998,784</u>	<u>\$1,032,974</u>	<u>\$34,190</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,010,509	\$909,078	\$101,431
Special Revenue	21,285	13,572	7,713
Capital Projects	282,639	278,588	4,051
Fiduciary	111	111	0
Total	<u>\$1,314,544</u>	<u>\$1,201,349</u>	<u>\$113,195</u>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$884,727	\$958,466	\$73,739
Capital Projects	50,000	88,438	38,438
Fiduciary	70	69	(1)
Total	<u>\$934,797</u>	<u>\$1,046,973</u>	<u>\$112,176</u>

**ORRVILLE PUBLIC LIBRARY  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$945,500	\$854,618	\$90,882
Capital Projects	2,248,228	1,772,371	475,857
Fiduciary	70	69	1
Total	\$3,193,798	\$2,627,058	\$566,740

**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 based on 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 Other 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.

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 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 for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Library has paid all contributions required through December 31, 2001.

**ORRVILLE PUBLIC LIBRARY  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. RISK MANAGEMENT**

**Commercial Insurance**

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 to full-time employees through a private carrier.





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

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

Orrville Public Library  
Wayne County  
230 North Main Street  
Orrville, Ohio 44667

To the Board of Trustees:

We have audited the accompanying financial statements of the Orrville Public Library, Wayne County, Ohio, (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated February 20, 2002. We conducted our audits 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, 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.

**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 February 20, 2002.

Orrville Public Library  
Wayne County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of the audit committee, management and 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

February 20, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**ORRVILLE 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  
MARCH 21, 2002**