

AKRON-SUMMIT COUNTY PUBLIC LIBRARY

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 1999 AND 1998

**Cohen & Company**  
Certified Public Accountants

AKRON-SUMMIT COUNTY PUBLIC LIBRARY

DECEMBER 31, 1999 AND 1998

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT .....	2
COMBINED STATEMENT OF CASH, INVESTMENTS, AND FUND BALANCES - CASH BASIS - ALL FUND TYPES December 31, 1999 and 1998 .....	3
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS Year ended December 31, 1999 .....	4
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS Year ended December 31, 1998 .....	5
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS - NON- EXPENDABLE TRUST FUNDS Years ended December 31, 1999 and 1998.....	6
NOTES TO THE FINANCIAL STATEMENTS.....	7 - 10
REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u> .....	11



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

35 North Fourth Street, 1<sup>st</sup> Floor  
Columbus, Ohio 43215

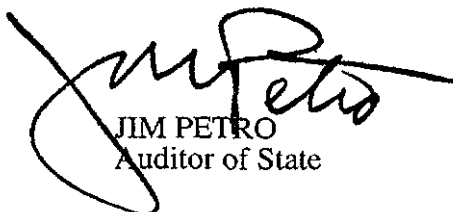
Telephone 614-466-4514  
800-282-0370

Facsimile 614-728-7398

Board of Trustees  
Akron - Summit County Public Library

We have reviewed the Independent Auditor's Report of the Akron - Summit County Public Library, Summit County, prepared by Cohen & Company for the audit period January 1, 1998 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 Akron - Summit County Public Library is responsible for compliance with these laws and regulations.



JIM PETRO  
Auditor of State

July 7, 2000

BOARD OF TRUSTEES  
AKRON-SUMMIT COUNTY PUBLIC LIBRARY

Independent Auditors' Report

We have audited the accompanying financial statements of the Akron-Summit County Public Library (the Library) as of and for the years ended December 31, 1999 and 1998, as listed in the table of contents. 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 described in Note 1, the Library prepares its financial statements on the cash basis, 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 cash, investments and fund balances - cash basis - all fund types of the Akron-Summit County Public Library as of December 31, 1999 and 1998, and the related receipts and disbursements - cash basis 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 3, 2000, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts, and grants.

*Cohen & Company*

May 3, 2000  
Akron, Ohio

COMBINED STATEMENT OF CASH, INVESTMENTS, AND FUND  
BALANCES - CASH BASIS - ALL FUND TYPES

DECEMBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
CASH AND INVESTMENTS	\$ <u>42,411,951</u>	\$ <u>49,637,999</u>
COMMITMENTS		
FUND BALANCES BY FUND TYPES		
GOVERNMENTAL FUND TYPES		
General fund	\$ 3,107,841	\$ 2,674,668
Debt service fund	620,563	111,901
Capital projects fund	37,781,227	46,248,682
Expendable trust fund	<u>379,615</u>	<u>103,541</u>
	41,889,246	49,138,792
FIDUCIARY FUND TYPES		
Non-expendable trust funds	<u>522,705</u>	<u>499,207</u>
TOTAL	\$ <u>42,411,951</u>	\$ <u>49,637,999</u>

*The accompanying notes are an integral part of these financial statements.*

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

YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types				Expendable Trust	Total (Memorandum Only)
	General	Debt Service	Capital Projects			
<b>RECEIPTS</b>						
Local taxes	\$ 19,463,328	\$ 5,685,399	\$ 1,640,400		\$ 16,859	\$ 25,148,727
Interest	686,513					2,313,772
Charges for services	321,016					321,016
Contributions	268,048		2,000			268,048
Miscellaneous	182,128					184,128
Total receipts	20,921,033	5,685,399	1,642,400		16,859	28,265,691
<b>DISBURSEMENTS</b>						
Salaries and benefits	10,781,307					10,781,307
Supplies	561,921					561,921
Purchased and contracted services	3,458,796	80,482	1,413,658			4,952,936
Library materials and information	3,029,816					3,029,816
Debt service		5,096,255	1,485			5,097,740
Other expenses	126,177					126,177
Capital outlay	1,045,117		9,903,479			10,948,596
Total disbursements	19,003,134	5,176,737	11,318,622			35,498,493
TOTAL RECEIPTS OVER (UNDER) DISBURSEMENTS	1,917,899	508,662	(9,676,222)		16,859	(7,232,802)
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers-in	(1,484,726)		1,208,767		259,215	1,467,982
Operating transfers-out	(1,484,726)				259,215	(1,484,726)
Total other financing sources (uses)						(16,744)
<b>EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES</b>						
	433,173	508,662	(8,467,455)		276,074	(7,249,546)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	2,674,668	111,901	46,248,682		103,541	49,138,792
<b>FUND BALANCES AT END OF YEAR</b>	\$ 3,107,841	\$ 620,563	\$ 37,781,227		\$ 379,615	\$ 41,889,246

The accompanying notes are an integral part of these financial statements.

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

YEAR ENDED DECEMBER 31, 1998

	Governmental Fund Types					Expendable Trust	Total (Memorandum Units)
	General	Special Revenue	Debt Service	Capital Projects			
<b>RECEIPTS</b>							
Local taxes	\$ 18,490,374		\$ 6,055,348				\$ 24,545,722
Intergovernmental	31,422	\$ 20,468					51,890
Interest	1,367,259						1,367,259
Charges for services	320,136						320,136
Contributions	13,175						13,175
Miscellaneous	164,154						164,154
Total receipts	<u>20,386,520</u>	<u>20,468</u>	<u>6,055,348</u>				<u>26,462,336</u>
<b>DISBURSEMENTS</b>							
Salaries and benefits	10,326,222						10,326,222
Supplies	370,515	14,352					384,867
Purchased and contracted services	2,840,058	7,266	160,583	919,106			3,867,013
Library materials and information	2,811,496						2,811,496
Debt service			5,977,491	568,109			6,545,600
Other expenses	139,130	22					139,152
Capital outlay	1,466,543	9,292		470,820			1,946,655
Total disbursements	<u>17,953,964</u>	<u>30,932</u>	<u>6,078,074</u>	<u>1,938,035</u>			<u>26,021,005</u>
<b>TOTAL RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>2,432,556</u>	<u>(10,464)</u>	<u>(22,726)</u>	<u>(1,938,035)</u>			<u>441,331</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Sale of bonds				45,563,959			45,563,959
Accrued interest on bonds			134,627				134,627
Transfers-in				2,603,350	3,550		2,606,900
Transfers-out	(2,633,350)						(2,633,350)
Total other financing sources (uses)	<u>(2,633,350)</u>		<u>134,627</u>	<u>48,167,309</u>	<u>3,550</u>		<u>45,672,136</u>
<b>EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES</b>	<u>(200,794)</u>	<u>(10,464)</u>	<u>111,901</u>	<u>46,209,274</u>	<u>3,550</u>		<u>46,113,467</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	2,875,462	10,164		39,408	99,991		3,025,025
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 2,674,668</u>	<u>\$ 111,901</u>	<u>\$ 111,901</u>	<u>\$ 46,248,682</u>	<u>\$ 103,541</u>		<u>\$ 49,138,792</u>

The accompanying notes are an integral part of these financial statements.

COMBINED STATEMENT OF RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES  
- CASH BASIS - NON-EXPENDABLE TRUST FUNDS

YEARS ENDED DECEMBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
RECEIPTS		
Interest	\$ 6,754	\$ 294
DISBURSEMENTS		
Library materials and information	<u>                    </u>	<u>33,998</u>
TOTAL RECEIPTS OVER (UNDER) DISBURSEMENTS	6,754	(33,704)
OTHER FINANCING SOURCES		
Transfers-in	<u>16,744</u>	<u>26,450</u>
TOTAL RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS	23,498	(7,254)
FUND BALANCES - BEGINNING OF YEAR	<u>499,207</u>	<u>506,461</u>
FUND BALANCES - END OF YEAR	<u>\$ 522,705</u>	<u>\$ 499,207</u>

*The accompanying notes are an integral part of these financial statements.*



## NOTES TO THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Entity

The Akron-Summit County Public Library (the Library) is a body politic and corporate 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 publicly-appointed seven-member Board of Trustees. The Library provides recreational, informational and educational materials, services, and programs to the residents of Summit County.

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

Basis of Accounting

These financial statements are presented on the cash basis of accounting. Revenues are recognized when received in cash rather than when they are earned. Expenditures are recognized when they are paid rather than when the obligation is incurred.

Fund Accounting

The Library maintains its records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, each of which is considered a separate accounting entity. The various funds are summarized by type in the financial statements. The restrictions associated with each class of funds are as follows:

*General Fund* - The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

*Special Revenue Fund* - These funds are used to account for proceeds from specific sources (other than expendable trusts or for capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

*Debt Service Fund* - This fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

*Capital Projects Fund* - This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds).

*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 Non-Expendable Trust Fund. Other trust funds are classified as Expendable.

Budgetary Process

The Ohio Revised Code requires each public library entitled to participate in any appropriations or revenue of a subdivision to file its budget with the taxing authority of the subdivision before June 1, in each year, estimating contemplated revenue and expenditures for the next year. The taxing authority must include in its budget of receipts the full amounts specified by the Board of Library Trustees as contemplated revenues from classified property taxes and must include in its budget of expenditures the full amounts requested by the Library Board.

## NOTES TO THE FINANCIAL STATEMENTS

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

Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

Cash and Investments

Cash and cash equivalents are cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

Investments are recorded at cost which approximates market value.

Property, Plant, and Equipment

Acquisitions of property, plant, and equipment are recorded as disbursements (capital outlays) when paid. These items are not reflected as assets in the financial statements.

Unpaid Vacation and Sick Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

## 2. CASH AND INVESTMENTS

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 is as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ (496,731)	\$ (359,342)
<u>Investments:</u>		
Star Ohio	2,377,311	2,261,302
Certificates of deposit	14,500,000	14,500,000
Repurchase agreements	1,047,697	1,574,575
Money market investments	25,014	284,115
United States Treasury bills		2,989,259
Federal Agency bonds	<u>24,958,660</u>	<u>28,388,090</u>
	\$ 42,411,951	\$ 49,637,999

## NOTES TO THE FINANCIAL STATEMENTS

## 2. CASH AND INVESTMENTS (Continued)

At December 31, 1999 and 1998, the Library's cash and investments are collateralized as follows:

	<u>1999</u>	<u>1998</u>
Federal depository insurance	\$ 400,000	\$ 400,000
Financial institutions' public entity deposit pools	15,147,697	15,674,575
Investments held in Library's name by the Library's agent	24,983,674	31,661,464
Star Ohio pooled investments	<u>2,377,311</u>	<u>2,261,302</u>
	42,908,682	49,997,341
Reconciling items between bank balances and carrying amount	<u>(496,731)</u>	<u>(359,342)</u>
	<u>\$ 42,411,951</u>	<u>\$ 49,637,999</u>

## 3. PROPERTY TAX

Summit County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted. The State Board of Tax Equalization adjusts these rates for inflation. 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 county. 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.

## 4. RETIREMENT PLAN

The Library's full-time 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 post-retirement 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 and 1998, members of PERS contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries, and the Library's contributions to PERS for 1999 and 1998 totaled \$1,167,170 and \$1,123,342, respectively. The Library has paid all contributions required through December 31, 1999.

## 5. RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts and general liability; theft of, damage to, and destruction of assets; natural disasters; errors and omissions; and injuries to employees. The Library maintains comprehensive auto, real property and contents, and public officials and employee liability insurance with private carriers. There have been no significant reductions in insurance coverage since the prior year. Settled claims have not exceeded commercial coverage in any of the past three years. Also, the Library pays the Bureau of Ohio Worker's Compensation a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

## NOTES TO THE FINANCIAL STATEMENTS

## 6. LONG-TERM DEBT

Following is a summary of bonds issued by Akron-Summit County Public Library as of December 31, 1999. Total principal outstanding at December 31, 1999 was \$37,390,000. The bonds will be repaid by voted general tax levy and are direct obligations of the Library for which its full faith and credit are pledged. The annual requirements for the bonds are as follows:

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2000	\$ 1,835,000	4.50%
2001	1,920,000	4.10
2002	2,000,000	4.20
2003	2,080,000	4.30
2004	2,170,000	4.40
2005	2,265,000	(a)
2006	2,265,000	(a)
2007	2,270,000	4.55
2008	2,370,000	4.65
2009	2,480,000	4.75
2010	2,600,000	4.95
2011	2,725,000	5.00
2012	2,865,000	5.00
2015	9,475,000	5.00

(a) These are capital appreciation bonds, with original principal amount of \$1,237,868 and \$1,141,402 and an effective yield of 4.6% and 4.7%.

Additional bonds in the amount of \$35,000,000 are expected to be issued in the fall of 2000 or spring of 2001.

As a result of issuing these bonds the Library is subject to the Federal government requirements related to arbitrage rebates. The amount, if any, of rebate due to the Federal government is not presently determinable.

## 7. COMMITMENTS

Leases

In 1999, the Library entered into an operating lease with the City of Tallmadge to lease a building for the new branch in Tallmadge. The lease is for 20 years at \$1.00 per year with an option for an additional 20 years. Also in 1999, the Library entered into a ground lease with the Village of Richfield to lease property for \$1.00 per year for 99 years.

Construction

The Library has outstanding contractual agreements as of December 31, 1999, relating to renovation and building of branches amounting to approximately \$636,000. In addition, the balance in the capital projects fund is expected to be expended on these renovations and buildings in the next two years.

Report of Independent Auditors on Compliance and on Internal  
Control over Financial Reporting Based on an Audit of  
Financial Statements Performed in Accordance with  
Government Auditing Standards

We have audited the financial statements of the Akron-Summit County Public Library (the Library), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 3, 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*.

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 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.

We noted other matters involving the internal control over financial reporting that we have reported to the management of the Library in a separate letter dated May 3, 2000.

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

May 3, 2000  
Akron, Ohio

*Cohen & Company*



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

AKRON - SUMMIT COUNTY PUBLIC LIBRARY

SUMMIT 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: **AUG 15 2000**