



**TAYLOR MEMORIAL LIBRARY
SUMMIT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**TAYLOR MEMORIAL LIBRARY
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REPORT OF INDEPENDENT ACCOUNTANTS

Taylor Memorial Library
Summit County
2015 Third Street
Cuyahoga Falls, Ohio 44221

To the Board of Trustees:

We have audited the accompanying financial statements of the Taylor Memorial Library, Summit 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 29, 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 29, 2000

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TAYLOR MEMORIAL LIBRARY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL AND 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:				
Local Taxes	\$1,897,622			\$1,897,622
Patron Fines and Fees	36,416			36,416
Interest on Investments	37,899	\$70,902	\$8,010	116,811
Contributions, Gifts and Donations	6,122			6,122
Other Receipts	11,045			11,045
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Total Cash Receipts	1,989,104	70,902	8,010	2,068,016
Cash Disbursements:				
Current:				
Salaries and Benefits	924,638			924,638
Purchased and Contracted Services	268,242	19,633		287,875
Other Objects	11,229		28	11,257
Library materials and information	199,662		1,996	201,658
Supplies	24,363			24,363
Capital Outlay	62,902	824,897		887,799
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Total Cash Disbursements	1,491,036	844,530	2,024	2,337,590
Total Cash Receipts Over/(Under) Cash Disbursements	498,068	(773,628)	5,986	(269,574)
Other Financing Receipts/(Disbursements):				
Transfers-In		500,000		500,000
Transfers-Out	(500,000)			(500,000)
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Total Other Financing Receipts/(Disbursements)	(500,000)	500,000	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,932)	(273,628)	5,986	(269,574)
Fund Cash Balances, January 1	328,877	1,856,617	102,248	2,287,742
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Fund Cash Balances, December 31	\$326,945	\$1,582,989	\$108,234	\$2,018,168
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Reserves for Encumbrances, December 31	\$185,965	\$153,934	\$0	\$339,899
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The notes to the financial statements are an integral part of this statement.

**TAYLOR MEMORIAL LIBRARY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
 FUND CASH BALANCES - NON EXPENDABLE TRUST
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Non Expendable Trust
Non Operating Cash Receipts:	
Interest on investments	\$1,682
Contributions, gifts and donations	50,000
Total Non Operating Cash Receipts	51,682
Fund Cash Balances, January 1	0
Fund Cash Balances, December 31	\$51,682
Reserves for Encumbrances, December 31	\$0

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

**TAYLOR MEMORIAL LIBRARY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
 FUND CASH BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	General	Capital Projects	Expendable Trust	
Cash Receipts:				
Local Taxes	\$1,757,682			\$1,757,682
Patron Fines and Fees	45,733			45,733
Interest on Investments	84,914	\$21,642	\$3,285	109,841
Contributions, Gifts and Donations	1,410		20,000	21,410
Other Receipts	16,224			16,224
Total Cash Receipts	1,905,963	21,642	23,285	1,950,890
Cash Disbursements:				
Current:				
Salaries and Benefits	877,776			877,776
Purchased and Contracted Services	250,849			250,849
Other Objects	5,612			5,612
Library materials and information	247,311			247,311
Supplies	13,274			13,274
Capital Outlay	22,051	17,744	25	39,820
Total Cash Disbursements	1,416,873	17,744	25	1,434,642
Total Cash Receipts Over/(Under) Cash Disbursements	489,090	3,898	23,260	516,248
Other Financing Receipts/(Disbursements):				
Transfers-In		456,422	3,547	459,969
Transfers-Out	(459,969)			(459,969)
Total Other Financing Receipts/(Disbursements)	(459,969)	456,422	3,547	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	29,121	460,320	26,807	516,248
Fund Cash Balances, January 1	299,756	1,396,297	75,441	1,771,494
Fund Cash Balances, December 31	\$328,877	\$1,856,617	\$102,248	\$2,287,742
Reserves for Encumbrances, December 31	\$170,251	\$234,852	\$1,620	\$406,723

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Taylor Memorial Library, Summit 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 the State of Ohio. The Library is directed by an eleven-member Board of Trustees, of which five members are appointed by the Mayor of Cuyahoga Falls and two members are appointed by the Cuyahoga Falls City School District's Board of Education. 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. Except gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit, repurchase agreements, and U.S. Treasury Notes are valued 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.

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:

Building Fund - This fund is used to account for expenditures related to general improvements to the Library's land and building.

**TAYLOR MEMORIAL 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)

Permanent Improvement Fund - This fund is used to account for expenditures related to improvements of a more permanent nature such as construction or an addition to the Library.

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 non expendable trust fund. Other trust funds are classified as expendable. The Library had the following significant Fiduciary Funds:

Carl and Mary A. Graefe Trust Fund - This expendable trust fund is used to account for donations from Carl and Mary Graefe to benefit the Library.

Paul and Mildred Underwood Memorial Fund - This expendable trust fund is used to account for providing children's programs and encouraging young readers in such a manner as determined by the Board of Trustees.

Caroline Affleck Memorial Scholarship Fund - This non expendable trust fund is used to account for a scholarship trust where only the income shall be used to pay one year's tuition and expenses of a student who is attending an accredited School of Library Science.

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.

**TAYLOR MEMORIAL 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	(\$116,128)	(\$71,838)
Certificate of Deposit	60,000	60,000
Cash on Hand	<u>140</u>	<u>140</u>
Total demand deposits	(55,988)	(11,698)
Repurchase Agreements	1,740,000	1,915,000
U. S. Treasury Notes	<u>385,838</u>	<u>384,440</u>
Total investments	<u>2,125,838</u>	<u>2,299,440</u>
Total demand deposits and Investment	<u>\$2,069,850</u>	<u>\$2,287,742</u>

Deposits: The negative demand deposit balance is covered by resources that are available in the overnight repurchase agreement account. Demand deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities.

**TAYLOR MEMORIAL 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	\$2,026,184	\$1,989,104	(\$37,080)
Capital Projects	0	70,902	70,902
Expendable Trust	0	8,010	8,010
Non-Expendable Trust	0	51,682	51,682
Total	<u>\$2,026,184</u>	<u>\$2,119,698</u>	<u>\$93,514</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,097,090	\$1,677,001	\$420,089
Capital Projects	1,621,765	998,464	623,301
Expendable Trust	100,626	2,024	98,602
Non-Expendable Trust	0	0	0
Total	<u>\$3,819,481</u>	<u>\$2,677,489</u>	<u>\$1,141,992</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,708,304	\$1,905,963	\$197,659
Capital Projects	0	21,642	21,642
Expendable Trust	0	23,285	23,285
Total	<u>\$1,708,304</u>	<u>\$1,950,890</u>	<u>\$242,586</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,808,304	\$1,587,124	\$221,180
Capital Projects	1,324,297	252,596	1,071,701
Expendable Trust	75,430	1,645	73,785
Total	<u>\$3,208,031</u>	<u>\$1,841,365</u>	<u>\$1,366,666</u>

TAYLOR MEMORIAL 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, operations, 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.

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
- Errors and omissions

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

7. CONTINGENT LIABILITIES

The Library is defendant in two lawsuits. Although the outcome of these suits is not presently determinable, counsel believes that the resolution of these matters will not materially adversely affect the Library's financial condition.

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

Taylor Memorial Library
Summit County
2015 Third Street
Cuyahoga Falls, Ohio 44221

To the Board of Trustees:

We have audited the accompanying financial statements of the Taylor Memorial Library, Summit County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 29, 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 an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated June 29, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered 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 a matter involving the internal control over financial reporting that did not require inclusion in this report, that we have reported to management of the Library in a separate letter dated June 29, 2000.

Taylor Memorial Library
Summit County
Report of Independent Accountants on Compliance and on Internal Control
Required By *Government Auditing Standards*
Page 2

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 stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

June 29, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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TAYLOR MEMORIAL 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.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 22, 2000**