



**MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Marvin Memorial Library
Richland County
29 West Whitney Avenue
Shelby, Ohio 44875

To the Board of Trustees:

We have audited the accompanying financial statements of the Marvin Memorial Library, Richland County, (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 8, 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, 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.

Jim Petro
Auditor of State

February 8, 2002

**MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY**

**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, 2001**

	<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:				
Government Grants-In-Aid	\$578,508			\$578,508
Patron Fines and Fees	23,957			23,957
Earnings on Investments	37,370	\$18,062	\$11,703	67,135
Services Provided to Other Entities	853			853
Contributions, Gifts and Donations	57,382	1,000	10,227	68,609
Rentals	24,775			24,775
Refunds/Reimbursements	2,499			2,499
Total Cash Receipts	<u>725,344</u>	<u>19,062</u>	<u>21,930</u>	<u>766,336</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	287,112			287,112
Supplies	22,575		118	22,693
Purchased and Contracted Services	92,367	3,072	652	96,091
Library Materials and Information	117,009			117,009
Other	2,423			2,423
Capital Outlay	8,531	166,987	2,258	177,776
Total Cash Disbursements	<u>530,017</u>	<u>170,059</u>	<u>3,028</u>	<u>703,104</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>195,327</u>	<u>(150,997)</u>	<u>18,902</u>	<u>63,232</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		403,000	453	403,453
Transfers-Out	(403,453)			(403,453)
Total Other Financing Receipts/(Disbursements)	<u>(403,453)</u>	<u>403,000</u>	<u>453</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(208,126)</u>	<u>252,003</u>	<u>19,355</u>	<u>63,232</u>
Fund Cash Balances, January 1	<u>608,913</u>	<u>288,878</u>	<u>216,001</u>	<u>1,113,792</u>
Fund Cash Balances, December 31	<u>\$400,787</u>	<u>\$540,881</u>	<u>\$235,356</u>	<u>\$1,177,024</u>
Reserves for Encumbrances, December 31	<u>\$6,704</u>	<u>\$0</u>	<u>\$0</u>	<u>\$6,704</u>

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

**MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY**

**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, 2000**

	<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:				
Government Grants-In-Aid	\$572,052			\$572,052
Patron Fines and Fees	20,226			20,226
Earnings on Investments	48,680		\$11,158	59,838
Services Provided to Other Entities	54	\$1,000		1,054
Contributions, Gifts and Donations	189,029		969	189,998
Rentals	6,485			6,485
Refunds/Reimbursements	2,843			2,843
	<u>839,369</u>	<u>1,000</u>	<u>12,127</u>	<u>852,496</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries and Benefits	266,230			266,230
Supplies	19,177			19,177
Purchased and Contracted Services	65,853		538	66,391
Library Materials and Information	116,408			116,408
Other	1,898			1,898
Capital Outlay	11,186	229,318		240,504
	<u>480,752</u>	<u>229,318</u>	<u>538</u>	<u>710,608</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>358,617</u>	<u>(228,318)</u>	<u>11,589</u>	<u>141,888</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		504,083		504,083
Transfers-Out	(504,083)			(504,083)
	<u>(504,083)</u>	<u>504,083</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(145,466)	275,765	11,589	141,888
Fund Cash Balances, January 1	<u>754,379</u>	<u>13,113</u>	<u>204,412</u>	<u>971,904</u>
Fund Cash Balances, December 31	<u>\$608,913</u>	<u>\$288,878</u>	<u>\$216,001</u>	<u>\$1,113,792</u>
Reserves for Encumbrances, December 31	<u>\$6,440</u>	<u>\$0</u>	<u>\$0</u>	<u>\$6,440</u>

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

MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY

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

	<u>2001</u>	<u>2000</u>
Operating Cash Receipts:		
Earnings on Investments	\$15,092	\$19,032
Operating Cash Disbursements:		
Library Materials and Information	<u>13,155</u>	<u>10,138</u>
Operating Income	1,937	12,542
Fund Cash Balances, January 1	<u>128,681</u>	<u>119,787</u>
Fund Cash Balances, December 31	<u><u>\$130,618</u></u>	<u><u>\$132,329</u></u>
Reserves for Encumbrances, December 31	<u>\$125</u>	<u>\$0</u>

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

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**MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Marvin Memorial Library, Richland 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 Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Shelby 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 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 and disbursements, respectively.

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. The donated common stock is valued at its fair market value at the date of receipt.

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 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). The Library had the following Capital Projects Fund:

**MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Capital Projects Fund (Continued)

Permanent Improvement Fund - This fund is used to account for transfers from the General Fund and is used to purchase furniture and equipment for the Library. In addition, the Library purchased properties adjacent to the Library for future expansion. These are currently used as rental properties.

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:

Expendable Trust Funds

Endowment Fund - To account for donations received from the public and used for technology, professional services, and capital outlay.

Kerr Memorial Fund - To account for donations received from the public and used for an annual subscription to the Wall Street Journal, purchase of mystery books and astronomy materials, and equipment and supplies for the Children's Department.

Nonexpendable Trust Fund

Williams Fund - To account for dividends received from donated common stock and interest received from certificates of deposit and used to purchase reference materials and selected works in the fields of scientific development and invention, including audio-visuals, electronic media, and new technologies.

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, function, and object level of control.

2. Estimated Resources

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

**MARVIN MEMORIAL LIBRARY
RICHLAND 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. Libraries are not 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. Unpaid Vacation Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation leave. Unpaid vacation 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	\$80,952	\$128,553
Certificates of deposit	346,396	548,315
Total deposits	427,348	676,868
Donated Stock	48,835	48,835
STAR Ohio	831,459	516,770
Total investments	880,294	565,605
Total deposits and investments	\$1,307,642	\$1,242,473

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.

**MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. Common stock consists of registered securities and are uninsured and uncollateralized.

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	\$629,630	\$725,344	\$95,714
Capital Projects	210,000	422,062	212,062
Fiduciary	20,453	37,475	17,022
Total	\$860,083	\$1,184,881	\$324,798

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,032,556	\$940,174	\$92,382
Capital Projects	295,878	170,059	125,819
Fiduciary	48,124	16,308	31,816
Total	\$1,376,558	\$1,126,541	\$250,017

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$735,603	\$839,369	\$103,766
Capital Projects	500,400	505,083	4,683
Fiduciary	18,300	31,159	12,859
Total	\$1,254,303	\$1,375,611	\$121,308

**MARVIN MEMORIAL LIBRARY
RICHLAND 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	\$1,165,317	\$991,275	\$174,042
Capital Projects	243,513	229,318	14,195
Fiduciary	39,493	10,676	28,817
Total	\$1,448,323	\$1,231,269	\$217,054

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.

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.

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 all full-time employees through a private carrier.

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

Marvin Memorial Library
Richland County
29 West Whitney Avenue
Shelby, Ohio 44875

To the Board of Trustees:

We have audited the accompanying financial statements of the Marvin Memorial Library, Richland County, (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated February 8, 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 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*.

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.

Marvin Memorial Library
Richland 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 the 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 8, 2002



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MARVIN MEMORIAL LIBRARY

RICHLAND 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**