

MEDINA COUNTY DISTRICT LIBRARY

FINANCIAL STATEMENTS

DECEMBER 31, 2001 AND 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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Board of Trustees
Medina County District Library
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Medina, Ohio 44256

We have reviewed the Independent Auditor's Report of the Medina County District Library, Medina County, prepared by Rea & Associates, Inc., for the audit period January 1, 2000 through December 31, 2001. 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 Medina County District Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

June 10, 2002

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MEDINA COUNTY DISTRICT LIBRARY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report	1
Combined Statement of Cash, Investments, and Fund Cash Balances - All Fund Types.....	3
Combined Statement of Receipts, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund - December 31, 2001	4-5
Combined Statement of Receipts, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund - December 31, 2000.....	6-7
Combined Statement of Receipts - Budget and Actual - December 31, 2001	9
Combined Statement of Disbursements and Encumbrances Compared with Expenditures Authority - December 31, 2001	10-11
Combined Statement of Receipts - Budget and Actual - December 31, 2000	13
Combined Statement of Disbursements and Encumbrances Compared with Expenditures Authority - December 31, 2000	14-15
Notes to the Financial Statements	17-25
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

May 1, 2002

To The Board of Trustees
Medina County District Library
Medina, Ohio 44256

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Medina County District Library, as of and for the years ended December 31, 2001 and 2000, 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 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 of America. 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 a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of The State of Ohio, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash, investments, and combined fund cash balances of Medina County District Library, as of December 31, 2001 and 2000, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 1, 2002 on our consideration of Medina County District 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 audit.

This report is intended solely for the information and use of management, board of trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

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Medina County District Library

*Combined Statement of Cash, Investments, and Fund
Cash Balances - All Fund Types*

December 31, 2001 and 2000

	2001	2000
Cash	<u>\$ 5,890,561</u>	<u>\$ 5,310,404</u>
Total	<u><u>\$ 5,890,561</u></u>	<u><u>\$ 5,310,404</u></u>

Cash Balances by Fund Type

Governmental Fund Types:

General Fund	\$ 3,498,249	\$ 3,054,050
Special Revenue Fund	16,381	14,316
Capital Projects Fund	1,512,079	1,410,194

Fiduciary Fund Type:

Expendable Trust Fund	<u>863,852</u>	<u>831,844</u>
Total	<u><u>\$ 5,890,561</u></u>	<u><u>\$ 5,310,404</u></u>

See accompanying notes to the financial statements.

Medina County District Library

*Combined Statement of Receipts, Expenditures,
and Changes in Fund Balances - All Governmental Fund Types
and Expendable Trust Fund*

For the Year Ended December 31, 2001

	Governmental Fund Type		
	General	Special Revenue	Capital Projects
Revenue			
Taxes	\$ 6,464,696	\$ 0	\$ 0
Local Government Grants-In-Aid	0	15,235	0
Patron Fines and Fees	120,092	0	0
Earnings on Investments	157,300	526	54,941
Contributions, Gifts and Donations	35,937	0	0
Miscellaneous Revenue	26,667	0	0
Total Revenue Receipts	6,804,692	15,761	54,941
Expenditure Disbursements			
Salaries and Benefits	3,402,254	0	0
Supplies	101,153	0	0
Purchased and Contracted Services	1,175,176	10,675	16,062
Library Material and Information	1,200,779	0	0
Capital Outlay	251,442	3,021	136,994
Other Objects	29,689	0	0
Total Expenditures	6,160,493	13,696	153,056
Excess of Revenue Over (Under) Expenditures	644,199	2,065	(98,115)
Other Financing Sources (Uses)			
Operating Transfers-In	0	0	200,000
Operating Transfers-Out	(200,000)	0	0
Total Other Financing Sources (Uses)	(200,000)	0	200,000
Excess of Revenues and Other Sources Over Expenditures and Other Uses	444,199	2,065	101,885
Fund Balance, January 1, 2001	3,054,050	14,316	1,410,194
Fund Balance, December 31, 2001	\$ 3,498,249	\$ 16,381	\$ 1,512,079

Fiduciary Fund Type			
Expendable Trust Fund		Total (Memorandum Only)	
\$	0	\$	6,464,696
	0		15,235
	0		120,092
	30,659		243,426
	19,670		55,607
	8,738		35,405
	<u>59,067</u>		<u>6,934,461</u>
	0		3,402,254
	8,860		110,013
	12,482		1,214,395
	5,033		1,205,812
	684		392,141
	0		29,689
	<u>27,059</u>		<u>6,354,304</u>
	32,008		580,157
	0		200,000
	0		(200,000)
	<u>0</u>		<u>0</u>
	32,008		580,157
	<u>831,844</u>		<u>5,310,404</u>
\$	<u>863,852</u>	\$	<u>5,890,561</u>

See accompanying notes to the financial statements.

Medina County District Library

*Combined Statement of Receipts, Expenditures,
and Changes in Fund Balances - All Governmental Fund Types
and Expendable Trust Fund*

For the Year Ended December 31, 2000

	Governmental Fund Type		
	General	Special Revenue	Capital Projects
<u>Revenue</u>			
Taxes	\$ 6,254,031	\$ 0	\$ 0
Local Government Grants-In-Aid	0	14,060	0
Patron Fines and Fees	116,801	0	0
Earnings on Investments	196,300	643	79,592
Contributions, Gifts and Donations	3,242	0	0
Miscellaneous Revenue	14,848	0	0
Total Revenue Receipts	6,585,222	14,703	79,592
<u>Expenditure Disbursements</u>			
Salaries and Benefits	3,112,810	0	0
Supplies	108,586	0	0
Purchased and Contracted Services	850,622	11,252	17,140
Library Material and Information	1,123,700	0	0
Capital Outlay	162,402	2,912	170,030
Other Objects	26,026	0	0
Total Expenditures	5,384,146	14,164	187,170
Excess of Revenue Over (Under) Expenditures	1,201,076	539	(107,578)
<u>Other Financing Sources (Uses)</u>			
Operating Transfers-In	0	0	200,000
Operating Transfers-Out	(200,000)	0	0
Total Other Financing Sources (Uses)	(200,000)	0	200,000
Excess of Revenues and Other Sources Over Expenditures and Other Uses	1,001,076	539	92,422
Fund Balance, January 1, 2000	2,052,974	13,777	1,317,772
Fund Balance, December 31, 2000	\$ 3,054,050	\$ 14,316	\$ 1,410,194

Fiduciary Fund Type		
Expendable Trust Fund		Total (Memorandum Only)
\$	0	\$ 6,254,031
	0	14,060
	0	116,801
	46,617	323,152
	17,077	20,319
	22,387	37,235
	86,081	6,765,598
	0	3,112,810
	13,543	122,129
	14,383	893,397
	7,814	1,131,514
	2,346	337,690
	0	26,026
	38,086	5,623,566
	47,995	1,142,032
	0	200,000
	0	(200,000)
	0	0
	47,995	1,142,032
	783,849	4,168,372
\$	831,844	\$ 5,310,404

See accompanying notes to the financial statements.

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Medina County District Library

Combined Statement of Receipts - Budget and Actual

For the Year Ended December 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Fund Types/Funds</u>			
Governmental			
General	\$ 6,805,200	\$ 6,804,692	\$ (508)
Special Revenue	800	15,761	14,961
Capital Projects	62,000	254,941	192,941
Fiduciary			
Expendable Trust Fund	84,500	59,067	(25,433)
Total (Memorandum Only)	\$ 6,952,500	\$ 7,134,461	\$ 181,961

See accompanying notes to the financial statements.

Medina County District Library

*Combined Statement of Disbursements and Encumbrances
Compared with Expenditures Authority*

For the Year Ended December 31, 2001

	Prior Year Carryover Appropriations	2001 Appropriations	Total
<u>Fund Types/Funds</u>			
<u>Governmental</u>			
General	\$ 158,441	\$ 6,730,150	\$ 6,888,591
Special Revenue	0	29,385	29,385
Capital Projects	137,665	575,500	713,165
<u>Fiduciary</u>			
Expendable Trust Fund	2,413	65,000	67,413
Total (Memorandum Only)	\$ 298,519	\$ 7,400,035	\$ 7,698,554

Actual 2001 Disbursements	Encumbrances Outstanding at 12/31/01	Total	Variance Favorable (Unfavorable)
\$ 6,360,493	\$ 164,752	\$ 6,525,245	\$ 363,346
13,696	15,150	28,846	539
153,056	37,300	190,356	522,809
27,059	2,982	30,041	37,372
\$ 6,554,304	\$ 220,184	\$ 6,774,488	\$ 924,066

See accompanying notes to the financial statements.

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Medina County District Library

Combined Statement of Receipts - Budget and Actual

For the Year Ended December 31, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Fund Types/Funds</u>			
Governmental			
General	\$ 6,266,700	\$ 6,585,222	\$ 318,522
Special Revenue	380	14,703	14,323
Capital Projects	51,000	279,592	228,592
Fiduciary			
Expendable Trust Fund	61,000	86,081	25,081
Total (Memorandum Only)	\$ 6,379,080	\$ 6,965,598	\$ 586,518

See accompanying notes to the financial statements.

Medina County District Library

*Combined Statement of Disbursements and Encumbrances
Compared with Expenditures Authority*

For the Year Ended December 31, 2000

	Prior Year Carryover Appropriations	2000 Appropriations	Total
<u>Fund Types/Funds</u>			
<u>Governmental</u>			
General	\$ 139,991	\$ 6,112,050	\$ 6,252,041
Special Revenue	0	14,360	14,360
Capital Projects	0	625,000	625,000
<u>Fiduciary</u>			
Expendable Trust Fund	5,998	49,750	55,748
Total (Memorandum Only)	\$ 145,989	\$ 6,801,160	\$ 6,947,149

Actual 2000 Disbursements	Encumbrances Outstanding at 12/31/00	Total	Variance Favorable (Unfavorable)
\$ 5,584,144	\$ 158,441	\$ 5,742,585	\$ 509,456
14,165	0	14,165	195
187,171	137,665	324,836	300,164
38,086	2,413	40,499	15,249
<u>\$ 5,823,566</u>	<u>\$ 298,519</u>	<u>\$ 6,122,085</u>	<u>\$ 825,064</u>

See accompanying notes to the financial statements.

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MEDINA COUNTY DISTRICT LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001 and 2000

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Medina County District Library is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Medina County District Library is a Library as defined by Section 3375.19 of the Ohio Revised Code. The Library operates under a Board of Trustees (seven members). Four members are appointed by the Medina County Commissioners and three by the Medina County Common Pleas Judge. The members serve a seven year term.

Management believes the financial statements included in this report represent all of the funds of the Library over which the Library has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Library prepares its financial statements on a basis of cash receipts and disbursements; consequently, certain revenues and the related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. A general fixed asset group and long-term debt group of accounts are not recorded on the financial statements by the Library under the basis of accounting used. By virtue of Ohio Law, the Library is required to maintain the encumbrance method of accounting and to make appropriations.

C. INVESTMENTS AND INACTIVE FUNDS

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

D. FUND ACCOUNTING

The Library maintains its accounting 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, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each type of funds are as follows:

MEDINA COUNTY DISTRICT LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001 and 2000

GOVERNMENTAL FUND TYPES

General Fund

The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specific purposes.

Capital Projects Funds

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

FIDUCIARY FUND TYPE

Expendable Trust Fund

The Expendable Trust Fund is used to account for assets held by the Library in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

E. BUDGETARY PROCESS

1. Budget

A budget of estimated cash receipts and disbursements must be submitted to the taxing authority by May 31 of each year, for the following year. The budget is then submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission certifies its actions to the Library by October 1. As part of this certification, the Library receives the official certificate of estimated resources which states the projected receipts of each fund. Prior to December 31, the Library must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The

MEDINA COUNTY DISTRICT LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001 and 2000

amounts reported on the budgetary statement reflect the amount in the final amended official certificate of estimated resources issued for 2001 and 2000.

3. Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31, with the annual by December 31. The appropriation measure may be amended or supplemented during the year, as new information becomes available. Appropriations may not exceed estimated resources.

4. Encumbrances

The Library is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

F. PROPERTY, PLANT AND EQUIPMENT

Fixed assets acquired for general governmental service are recorded as expenditures. Depreciation is not recorded for these fixed assets.

G. ACCUMULATED UNPAID VACATION, PERSONAL LEAVE, AND SICK PAY

Accumulated unpaid vacation and sick pay are not accrued under the cash basis of accounting described in Note 1. At December 31, 2001 and 2000, management estimates that \$117,796 and \$453,108 in vacation leave and \$103,333 and \$421,132 in sick leave has been accumulated by the employees of the Library, respectively. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees. It is not practicable to determine the actuarial value of these benefits as of December 31, 2001 and 2000.

H. 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.

MEDINA COUNTY DISTRICT LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001 and 2000

NOTE 2 POOLED CASH AND INVESTMENTS

State statutes classify monies held by the Library into three categories:

Active deposits are public deposits necessary to meet current demands on the Library. Such monies must be maintained either as cash in the bank, in commercial accounts payable, or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Library has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook savings.

Interim deposits are deposits of interim monies. Interim deposits are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts. Interim monies may be invested in the following obligations provided they matured or were redeemable within two years from the date of purchase. All of Medina County District Library's deposits are held in approved institutions and are FDIC insured.

1. United States treasury notes, bills, bonds, or other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

MEDINA COUNTY DISTRICT LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001 and 2000

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain Bankers' acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation, (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the payment of all public monies deposited with the institution.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investment to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3. "Deposits with Federal Institutions, Investments, and Reserve Repurchase Agreement".

Deposits. At December 31, 2001 and 2000, the carrying amount of the Library's deposits was \$(264,844) and \$(107,996), respectively, and the bank balance was \$48,637 and \$48,529 respectively. Of the bank balance:

1. \$48,637 and \$48,529 were covered by federal depository insurance at December 31, 2001 and 2000, respectively. The remaining balance was backed by collateral held by the bank or by collateral held by a qualified third party trustee in the name of the Library;

MEDINA COUNTY DISTRICT LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001 and 2000

Investments. GASB Statement No. 3 “Deposits with Financial Institutions, Investors (including Repurchase Agreements), and Reverse Repurchase Agreements” requires the Library to categorize investments to give an indication of the level of risk assumed by the Library at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Library or its agent in the Library’s name. Category 2 includes uninsured and unregistered investments which are held by the counterparty’s trust department or its agent in the Library’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the Library’s name. The carrying value of deposits and investments are presented in the combined balance sheet as equity in pooled cash and cash equivalents. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

For the Year Ended December 31, 2001

	1	Category 2	3	Carrying Value	Market Value
Repurchase Agreement	\$ 0	\$ 0	\$ 375,000	\$ 375,000	\$ 375,000
StarOhio	0	0	0	5,780,405	5,780,405
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 375,000</u>	<u>\$ 6,155,405</u>	<u>\$ 6,155,405</u>

For the Year Ended December 31, 2000

	1	Category 2	3	Carrying Value	Market Value
Repurchase Agreement	\$ 0	\$ 0	\$ 330,000	\$ 330,000	\$ 330,000
StarOhio	0	0	0	5,088,400	5,088,400
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 330,000</u>	<u>\$ 5,418,400</u>	<u>\$ 5,418,400</u>

NOTE 3 PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last triennial update was completed for tax year 2001.

MEDINA COUNTY DISTRICT LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001 and 2000

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for the tax (calendar) years 2001 and 2000 was \$1.25 per \$1,000 of assessed valuation for both years. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$.806 and \$.848 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$.913 and \$.898 per \$1,000 of assessed valuation for all other real property for 2001 and 2000, respectively. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the Library by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible property for the tax (calendar) years 2001 and 2000 was \$1.25 per \$1,000 of assessed valuation.

	<u>2001</u> <u>Valuation</u>	<u>2000</u> <u>Valuation</u>
Real Property		
Residential/Agricultural	\$ 1,934,642,400	\$ 1,857,675,450
Commercial/Industrial	344,628,780	324,642,460
Public Utilities	526,000	665,860
Minerals	1,009,980	1,159,270
Tangible Personal Property		
General	252,294,185	216,534,777
Public Utilities	<u>105,078,340</u>	<u>107,156,660</u>
Total Valuation	<u>\$ 2,638,179,685</u>	<u>\$ 2,507,834,477</u>

The Medina County Treasurer collects property tax on behalf of all taxing Libraries within the county. The Medina County Auditor periodically remits to the taxing Libraries their portion of the taxes collected.

NOTE 4 INSURANCE

The Library maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 100% insured.

MEDINA COUNTY DISTRICT LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001 and 2000

NOTE 5 RETIREMENT COMMITMENTS

Public Employees Retirement System

Public Employees Retirement System of Ohio is a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5% for employees. The 2001 employer contribution rate to the system was 13.55% of covered payroll. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records.

NOTE 6 POST EMPLOYMENT HEALTH CARE BENEFITS

Public Employees Retirement System

In addition to providing pension benefits through Public Employee Retirement System of Ohio ("System"), the System provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio Service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2001 employer contribution rate was 13.55% of covered payroll; 4.3% was the portion that was used to fund health care for the year.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

OPEB are financed through employer contributions and investment earnings there on. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. As of December 31, 2000, the actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.60 million and \$2,628.7 million respectively. As of December 31, 2000, the actuarial value of the Retirement System's net assets available for OPEB was \$11,735.9 million. The number of benefit recipients eligible for OPEB at December 31, 2000 was 411,076. The portion of employer contributions that were used to fund postemployment benefits were \$337,003 and \$307,734 for December 31, 2001 and 2000 respectively.

MEDINA COUNTY DISTRICT LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001 and 2000

NOTE 7 LEASES

Effective June 26, 2000, the Medina County District Library renewed a lease agreement with Medina County Publications, Inc. for an office building. The terms of the lease are for a five year non-cancelable lease at \$3,545, per month, indexed yearly according to the "Consumer Price Index". The following is a schedule by years of future minimum rental payments required under the operating lease that has a remaining noncancellable lease term in excess of one year as of December 31, 2001:

Year Ending December 31	
2002	\$ 42,540
2003	42,540
2004	42,540
2005	<u>21,270</u>
Total	<u>\$ 148,890</u>

The total lease expense for the year ended December 31, 2001 and 2000 was \$42,540 and \$41,172, respectively.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

May 1, 2002

To The Board of Trustees
Medina County District Library
Medina, Ohio 44256

**REPORT 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 Medina County District Library as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 1, 2002. We conducted our audit 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 Medina County District 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 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 Medina County District Library in a separate letter dated May 1, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Medina County District 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.

This report is intended solely for the information and use of management, board of trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MEDINA COUNTY DISTRICT LIBRARY

MEDINA 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 25, 2002**