



**STOW-MUNROE FALLS PUBLIC LIBRARY
SUMMIT COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**STOW-MUNROE FALLS PUBLIC LIBRARY
SUMMIT COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Stow-Munroe Falls Public Library
Summit County
3512 Darrow Road
Stow, Ohio 44224

To the Board of Trustees:

We have audited the accompanying financial statements of the Stow-Munroe Falls Public Library, Summit 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 March 29, 2002 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

Jim Petro
Auditor of State

March 29, 2002

**STOW-MUNROE FALLS PUBLIC LIBRARY
SUMMIT 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>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Other Government Grants-In-Aid	\$1,635,863	\$0	\$0	\$0	\$1,635,863
Patron Fines and Fees	85,894				85,894
Earnings on Investments	36,390				36,390
Contributions, Gifts and Donations	3,328				3,328
Miscellaneous Receipts	25,562				25,562
	<hr/>				<hr/>
Total Cash Receipts	1,787,037	0	0	0	1,787,037
	<hr/>				<hr/>
Cash Disbursements:					
Current:					
Salaries and Benefits	994,933				994,933
Supplies	57,767				57,767
Purchased and Contracted Services	279,050				279,050
Library Materials and Information	314,162				314,162
Other Objects	28,659				28,659
Capital Outlay	23,589		5,405		28,994
	<hr/>		<hr/>		<hr/>
Total Cash Disbursements	1,698,160	0	5,405	0	1,703,565
	<hr/>		<hr/>		<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	88,877	0	(5,405)	0	83,472
	<hr/>		<hr/>		<hr/>
Fund Cash Balances, January 1	806,848	2,988	153,656	51,671	1,015,163
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$895,725</u>	<u>\$2,988</u>	<u>\$148,251</u>	<u>\$51,671</u>	<u>\$1,098,635</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	<u>\$109,872</u>	<u>\$0</u>	<u>\$2,400</u>	<u>\$0</u>	<u>\$112,272</u>

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

**STOW-MUNROE FALLS PUBLIC LIBRARY
SUMMIT 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>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Other Government Grants-In-Aid	\$1,567,832	\$0	\$0	\$0	\$1,567,832
Patron Fines and Fees	81,069				81,069
Earnings on Investments	44,593				44,593
Contributions, Gifts and Donations	870				870
Miscellaneous Receipts	1,297				1,297
Total Cash Receipts	<u>1,695,661</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,695,661</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	854,040				854,040
Supplies	36,420				36,420
Purchased and Contracted Services	255,988				255,988
Library Materials and Information	279,619				279,619
Other Objects	6,567				6,567
Capital Outlay	26,531		23,143		49,674
Total Cash Disbursements	<u>1,459,165</u>	<u>0</u>	<u>23,143</u>	<u>0</u>	<u>1,482,308</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>236,496</u>	<u>0</u>	<u>(23,143)</u>	<u>0</u>	<u>213,353</u>
Other Financing Receipts/(Disbursements):					
Transfers-In			140,000		140,000
Transfers-Out	(140,000)				(140,000)
Total Other Financing Receipts/(Disbursements)	<u>(140,000)</u>	<u>0</u>	<u>140,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	<u>96,496</u>	<u>0</u>	<u>116,857</u>	<u>0</u>	<u>213,353</u>
Fund Cash Balances, January 1	<u>710,352</u>	<u>2,988</u>	<u>36,799</u>	<u>51,671</u>	<u>801,810</u>
Fund Cash Balances, December 31	<u>\$806,848</u>	<u>\$2,988</u>	<u>\$153,656</u>	<u>\$51,671</u>	<u>\$1,015,163</u>
Reserves for Encumbrances, December 31	<u>\$113,587</u>	<u>\$0</u>	<u>\$5,405</u>	<u>\$0</u>	<u>\$118,992</u>

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

**STOW-MUNROE FALLS PUBLIC LIBRARY
SUMMIT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Stow-Munroe Falls Public Library, Summit 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 Stow-Munroe Falls City School District Board of Trustees. 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). For December 31, 2001, neither the Ohio Revised Code nor the new Ohio Administrative Code require the Libraries to encumber; however, the Library is continuing to encumber funds.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in STAR Ohio (the State Treasurer's investment pool) is recorded at amounts reported by the State Treasurer. The Library has also invested in a daily Sweep Repurchase Agreement which is 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 trust funds). The Library has the following significant Capital Projects Fund:

**STOW-MUNROE FALLS PUBLIC LIBRARY
SUMMIT 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 Funds (Continued)

Building Project Fund - This fund received bond proceeds several years ago to construct a new Library facility. The fund is currently used to account for any maintenance costs associated with the Library.

3. Fiduciary Funds (Trust Fund)

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 has the following significant Expendable Trust Fund:

Cochran Trust Fund - This fund received money from a bequest, which is being expended upon the discretion of the Board.

E. Budgetary Process

For 2000, the Ohio Administrative Code required budgeting for each fund. For 2001, the Ohio Administrative Code required that only fund appropriations be budgeted. However, the Library elected to prepare a complete budget for 2001.

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 and function level of control.

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.

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.

**STOW-MUNROE FALLS PUBLIC LIBRARY
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(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. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	2001	2000
Demand deposits	\$23,768	\$272,425
Repurchase agreement	105,000	0
STAR Ohio	969,867	742,738
Total Investments	1,074,867	742,738
Total deposits and investments	\$1,098,635	\$1,015,163

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. The Library's agent holds securities collateralizing repurchase agreements. The securities are not in the Library's name.

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	\$1,729,863	\$1,787,037	\$57,174
Special Revenue	0	0	0
Capital Projects	0	0	0
Fiduciary	0	0	0
Total	\$1,729,863	\$1,787,037	\$57,174

**STOW-MUNROE FALLS PUBLIC LIBRARY
SUMMIT COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,874,587	\$1,808,032	\$66,555
Special Revenue	0	0	0
Capital Projects	5,405	7,805	(2,400)
Fiduciary	0	0	0
Total	<u>\$1,879,992</u>	<u>\$1,815,837</u>	<u>\$64,155</u>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,626,920	\$1,695,661	\$68,741
Special Revenue	0	0	0
Capital Projects	140,000	140,000	0
Fiduciary	0	0	0
Total	<u>\$1,766,920</u>	<u>\$1,835,661</u>	<u>\$68,741</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,649,203	\$1,712,752	(\$63,549)
Special Revenue	0	0	0
Capital Projects	36,799	28,548	8,251
Fiduciary	0	0	0
Total	<u>\$1,686,002</u>	<u>\$1,741,300</u>	<u>(\$55,298)</u>

4. GRANTS-IN-AID

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 any additional revenues the Library receives.

**STOW-MUNROE FALLS PUBLIC LIBRARY
SUMMIT COUNTY**

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

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. For 2001 and 2000, 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 2000. The Library has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

Commercial Insurance

The Stow-Munroe Falls Public 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 and dental and vision coverage to employees through a private carrier.

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

Stow-Munroe Falls Public Library
Summit County
3512 Darrow Road
Stow, Ohio 44224

To the Board of Trustees:

We have audited the accompanying financial statements of the Stow-Munroe Falls Public Library, Summit County, (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 29, 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.

However, we noted an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated March 29, 2002.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated March 29, 2002.

Stow-Munroe Falls Public Library
Summit County
Report of Independent Accountants on Compliance and on Internal Control
Required By *Government Auditing Standards*
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This report is intended solely for the information and use of the audit committee, management and Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 29, 2002



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OFFICE OF THE AUDITOR

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STOW-MUNROE FALLS 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.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 9, 2002**