



**HERRICK MEMORIAL LIBRARY
LORAIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

HERRICK MEMORIAL LIBRARY
LORAIN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Herrick Memorial Library
Lorain County
101 Willard Memorial Square
Wellington, Ohio 44090

We have audited the accompanying financial statements of the Herrick Memorial Library, Lorain County, Ohio, (the Library) as of and for the years ended December 31, 2001 and December 31, 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 provides 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 Herrick Memorial Library, Lorain County, Ohio, as of December 31, 2001 and December 31, 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 April 1, 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 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

April 1, 2002

HERRICK MEMORIAL LIBRARY
LORAIN COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Other Government Grants-In-Aid	\$448,629				\$448,629
Patron Fines and Fees	12,807				12,807
Earnings on Investments	17,065		\$6,225	\$1,147	24,437
Contributions, Gifts and Donations	5,563				5,563
Miscellaneous Receipts	4,336				4,336
Total Cash Receipts	488,400	\$0	6,225	1,147	495,772
Cash Disbursements:					
Current:					
Salaries and Benefits	272,076				272,076
Supplies	12,641				12,641
Purchased and Contracted Services	107,885	227			108,112
Library Materials & Information	79,578				79,578
Other Objects	2,340				2,340
Capital Outlay	96,115				96,115
Total Cash Disbursements	570,635	227	0	0	570,862
Total Cash Receipts Over/(Under) Cash Disbursements	(82,235)	(227)	6,225	1,147	(75,090)
Other Financing Receipts/(Disbursements):					
Transfers-In	2,267		25,000		27,267
Transfers-Out	(25,000)	(89)		(2,178)	(27,267)
Total Other Financing Receipts/(Disbursements)	(22,733)	(89)	25,000	(2,178)	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(104,968)	(316)	31,225	(1,031)	(75,090)
Fund Cash Balances, January 1	299,111	\$316	204,898	\$49,418	553,743
Fund Cash Balances, December 31	\$194,143	\$0	\$236,123	\$48,387	\$478,653
Reserves for Encumbrances, December 31	\$70,226	\$0	\$0	\$0	\$70,226

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

HERRICK MEMORIAL LIBRARY
LORAIN COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Other Government Grants-In-Aid	\$448,835				\$448,835
Patron Fines and Fees	13,866				13,866
Earnings on Investments	19,738		\$5,061	\$2,538	27,337
Contributions, Gifts and Donations	5,430				5,430
Miscellaneous Receipts	3,726				3,726
Total Cash Receipts	491,595	\$0	5,061	2,538	499,194
Cash Disbursements:					
Current:					
Salaries and Benefits	249,878				249,878
Supplies	9,017				9,017
Purchased and Contracted Services	82,263	2,165			84,428
Library Materials & Information	72,229				72,229
Other Objects	2,438				2,438
Capital Outlay	9,619				9,619
Total Cash Disbursements	425,444	2,165	0	0	427,609
Total Cash Receipts Over/(Under) Cash Disbursements	66,151	(2,165)	5,061	2,538	71,585
Other Financing Receipts/(Disbursements):					
Transfers-In	1,107		45,000		46,107
Transfers-Out	(45,000)			(1,107)	(46,107)
Total Other Financing Receipts/(Disbursements)	(43,893)	0	45,000	(1,107)	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	22,258	(2,165)	50,061	1,431	71,585
Fund Cash Balances, January 1	276,853	2,481	154,837	\$47,987	482,158
Fund Cash Balances, December 31	\$299,111	\$316	\$204,898	\$49,418	\$553,743
Reserves for Encumbrances, December 31	\$84,246	\$316	\$0	\$0	\$84,562

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

**HERRICK MEMORIAL LIBRARY
LORAIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Herrick Memorial Library, Lorain 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 Ohio. The Library is directed by a three-member Board of Trustees appointed by the Trustees of Wellington Township. 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.

Component units are legally separate organizations for which the Library is financially accountable. Component units may also include organizations that are fiscally dependent on the Library in that the Library approves their budget, the issuance of their debt, or the levying of their taxes. The Library has no component units.

The following entity, which performs activities within the Library's boundaries for the benefit of its residents, is excluded from the accompanying financial statements because the Library is not financially accountable for this entity nor is it fiscally dependent on the Library.

Friends of Herrick Memorial Library

Friends of the Herrick Memorial Library is a federal tax-exempt, not-for-profit organization under section 501 (c)(3) of the Internal revenue Code. The Friends organization was developed by community members who support the Library through fund-raising activities. The Library exercises no financial control over this organization. The Library received \$3,847 in financial contributions from the Friends during the period January 1, 2000 through December 31, 2001. Total cash assets (unaudited) of the Friends of Herrick Memorial Library at September 30, 2001 amounted to \$16,723. The Friends Treasurer's Report (unaudited) can be obtained from Don Hilliker, Treasurer.

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 or 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. Stocks are valued at par value at the time of original donation.

**HERRICK MEMORIAL LIBRARY
LORAIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Special Revenue Fund

This fund is used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

Wellington Album Fund - used to account for private grant monies that were received to create a pictorial history of the Village of Wellington.

3. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following significant capital projects fund:

Building and Repair Fund - used for the purpose of repairing, improving, furnishing and equipping the existing Library.

4. Fiduciary Fund (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 nonexpendable trust fund. The Library had the following significant nonexpendable trust fund:

Endowment Fund - used to account for the restricted principal and the interest whose expenditure is unrestricted for Library purposes.

E. Budgetary Process

The Ohio Administrative Code requires budgeting for each fund annually.

1. Appropriations

The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances in 2000 and disbursements in 2001) may not exceed appropriations at the fund, function level of control.

**HERRICK MEMORIAL LIBRARY
LORAIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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.

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.

G. Total Columns

Total columns on the financial statements are captioned "(Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation.

**HERRICK MEMORIAL LIBRARY
LORAIN COUNTY**

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

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	\$108,979	\$177,284
Certificates of Deposit	270,817	218,512
Total deposits	379,796	395,796
STAR Ohio	95,216	154,306
Common Stock	3,641	3,641
Total investments	98,857	157,947
Total deposits and investments	\$478,653	\$553,743

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. Common stock is carried at the value at the time of donation. At December 31, 2001, the market value of the stock is \$51,318.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$748,349	\$595,635	\$152,714
Special Revenue	405	316	89
Capital Projects	232,197	0	232,197
Expendable Trust	52,024	2,178	49,846
Total	\$1,032,975	\$598,129	\$434,846

**HERRICK MEMORIAL LIBRARY
LORAIN COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$459,139	\$492,702	\$33,563
Special Revenue	0	0	0
Capital Projects	29,000	50,061	21,061
Expendable Trust	3,000	2,538	(462)
Total	<u>\$491,139</u>	<u>\$545,301</u>	<u>\$54,162</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$739,885	\$554,690	\$185,195
Special Revenue	2,481	2,481	0
Capital Projects	181,136	0	181,136
Expendable Trust	50,592	1,107	49,485
Total	<u>\$974,094</u>	<u>\$558,278</u>	<u>\$415,816</u>

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 any additional revenues the Library receives. These revenues are reflected in the financial statements as Other Government Grants-In-Aid.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district. Tangible personal property tax is assessed by the property owners, who must file a list of such property with the County by each April 30.

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

**HERRICK MEMORIAL LIBRARY
LORAIN 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 also 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 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 full-time employees through a private carrier. The Library's liability is limited to the premiums it pays.



**STATE OF OHIO
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Herrick Memorial Library
Lorain County
101 Willard Memorial Square
Wellington, Ohio 44090

We have audited the accompanying financial statements of the Herrick Memorial Library, Lorain County, Ohio, (the Library) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated April 1, 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. 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 April 1, 2002.

This report is intended solely 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.

Jim Petro
Auditor of State

April 1, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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HERRICK MEMORIAL LIBRARY

LORAIN 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**