



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



MCKINLEY MEMORIAL LIBRARY  
TRUMBULL COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

Voniovich Government Center  
Suite 302  
Youngstown, Ohio 44503  
Telephone 330-797-9900  
800-443-9271  
Facsimile 330-797-9949  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

## REPORT OF INDEPENDENT ACCOUNTANTS

McKinley Memorial Library  
Trumbull County  
40 North Main Street  
Niles, Ohio 44446

To the Board of Trustees:

We have audited the accompanying financial statements of the McKinley Memorial Library, (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 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. 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 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 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 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 audit.

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.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

April 8, 2002

**MCKINLEY MEMORIAL LIBRARY  
TRUMBULL COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Other Governmental Grants-In-Aid	\$1,240,776		\$1,240,776
Patron Fines and Fees	16,691		16,691
Earnings on Investments	47,026		47,026
Services Provided to Other Entities	2,571		2,571
Contributions, Gifts and Donations	142,229		142,229
Miscellaneous Receipts	20,474		20,474
	<u>1,469,767</u>		<u>1,469,767</u>
<b>Total Cash Receipts</b>			
	<u>1,469,767</u>		<u>1,469,767</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	642,808		642,808
Supplies	41,069		41,069
Purchased and Contracted Services	168,964		168,964
Library Materials and Information	257,704		257,704
Other Objects	12,424		12,424
Capital Outlay	116,717	\$246,793	363,510
	<u>1,239,686</u>	<u>246,793</u>	<u>1,486,479</u>
<b>Total Cash Disbursements</b>			
	<u>1,239,686</u>	<u>246,793</u>	<u>1,486,479</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>230,081</u>	<u>(246,793)</u>	<u>(16,712)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		274,805	274,805
Transfers-Out	(274,805)		(274,805)
	<u>(274,805)</u>	<u>274,805</u>	
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>(274,805)</u>	<u>274,805</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(44,724)	28,012	(16,712)
Fund Cash Balances, January 1, 2001	<u>180,921</u>	<u>794,955</u>	<u>975,876</u>
<b>Fund Cash Balances, December 31, 2001</b>	<b><u>\$136,197</u></b>	<b><u>\$822,967</u></b>	<b><u>\$959,164</u></b>
Reserves for Encumbrances, December 31, 2001	<u>\$36,197</u>	<u>\$6,577</u>	<u>\$42,774</u>

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

**MCKINLEY MEMORIAL LIBRARY  
TRUMBULL COUNTY**

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

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Capital Projects</b>	
<b>Cash Receipts:</b>			
Other Government Grants-In-Aid	\$1,221,041		\$1,221,041
Patron Fines and Fees	17,797		17,797
Earnings on Investments	51,080		51,080
Contributions, Gifts and Donations	5,793		5,793
Miscellaneous Receipts	11,204		11,204
	1,306,915		1,306,915
<b>Total Cash Receipts</b>	<b>1,306,915</b>		<b>1,306,915</b>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	602,248		602,248
Supplies	41,919		41,919
Purchased and Contracted Services	131,961		131,961
Library Materials and Information	244,476		244,476
Other Objects	15,182		15,182
Capital Outlay	77,046	8,574	85,620
	1,112,832	8,574	1,121,406
<b>Total Cash Disbursements</b>	<b>1,112,832</b>	<b>8,574</b>	<b>1,121,406</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>194,083</b>	<b>(8,574)</b>	<b>185,509</b>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		162,684	162,684
Transfers-Out	(162,684)		(162,684)
	(162,684)	162,684	
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(162,684)</b>	<b>162,684</b>	
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>31,399</b>	<b>154,110</b>	<b>185,509</b>
<b>Fund Cash Balances, January 1, 2000</b>	<b>149,522</b>	<b>640,845</b>	<b>790,367</b>
<b>Fund Cash Balances, December 31, 2000</b>	<b>\$180,921</b>	<b>\$794,955</b>	<b>\$975,876</b>
<b>Reserves for Encumbrances, December 31, 2000</b>	<b>\$80,920</b>	<b>\$71,178</b>	<b>\$152,098</b>

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



**MCKINLEY MEMORIAL LIBRARY  
TRUMBULL COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

McKinley Memorial Library, Trumbull 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 Niles City School District 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.

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 and repurchase agreements are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**D. Fund Accounting**

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

**1. General Fund**

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

**2. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital projects funds:

*McKinley Memorial Library Building, Repair, and Improvement Fund* - Monies are to be used for improvements to the inside of the Library for library related purposes.

**MCKINLEY MEMORIAL LIBRARY  
TRUMBULL COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

*McKinley Birthplace Building and Repair Fund* - Monies which are to be used for the building of the replica house.

*Special Materials Fund* - Monies are to be used for the purchasing of McKinley items to fill the replica house and the Library's museum.

*Technology Fund* - Monies are to be used for computerization and audio-visual equipment.

**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 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.

**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 who have been employed by the Library for at least one year are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

**MCKINLEY MEMORIAL LIBRARY  
TRUMBULL 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	\$10,238	\$10,809
Certificates of deposit	312,304	600,000
Total deposits	322,542	610,809
Repurchase agreement	166,378	230,833
STAR Ohio	470,244	134,234
Total investments	636,622	365,067
Total deposits and investments	\$959,164	\$975,876

**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.

**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 December 31, 2000 follows:

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,579,721	\$1,550,688	\$29,033
Capital Projects	794,954	253,370	541,584
Total	\$2,374,675	\$1,804,058	\$570,617

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,294,250	\$1,306,915	\$12,665
Capital Projects	0	162,684	162,684
Total	\$1,294,250	\$1,469,599	\$175,349

**MCKINLEY MEMORIAL LIBRARY  
TRUMBULL 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	\$1,443,772	\$1,356,436	\$87,336
Capital Projects	640,844	79,752	561,092
Total	\$2,084,616	\$1,436,188	\$648,428

**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 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**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**7. SUBSEQUENT EVENTS**

The Library accepted bids in March for the construction of the McKinley Birthplace Replica House. The contract was awarded on March 25, 2002 to DSV Builders Inc., Warren Ohio for \$653,430.



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center  
Suite 302  
Youngstown, Ohio 44503  
Telephone 330-797-9900  
800-443-9271  
Facsimile 330-797-9949  
www.auditor.state.oh.us

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

McKinley Memorial Library  
Trumbull County  
40 North Main Street  
Niles, Ohio 44446

To the Board of Trustees:

We have audited the accompanying financial statements of the McKinley Memorial Library (the Library) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated April 8, 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 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 audit 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 audit, 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.

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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

April 8, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**McKINLEY MEMORIAL LIBRARY**

**TRUMBULL 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 21, 2002**