



**MINERVA PUBLIC LIBRARY  
STARK COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



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

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**STATE OF OHIO**



MINERVA PUBLIC LIBRARY  
STARK COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Minerva Public Library  
Stark County  
677 Lynnwood Drive  
Minerva, Ohio 44657

To the Board of Trustees:

We have audited the accompanying financial statements of the Minerva Public Library, Stark County, Ohio, (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 fund cash balances and reserves for encumbrances of the Library as of December 31, 2001 and 2000, and its 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 August 9, 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 Audit Committee, 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

August 9, 2002

**MINERVA PUBLIC LIBRARY  
STARK COUNTY**

**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 Government Grants-In-Aid	\$805,859	\$0	\$ 805,859
Intergovernmental		40,000	40,000
Patron Fines and Fees	13,660	0	13,660
Earnings on Investments	5,447	78,666	84,113
Contributions, Gifts and Donations	20,619	286,923	307,542
Miscellaneous Receipts	3,269	675	3,944
	<u>848,854</u>	<u>406,264</u>	<u>1,255,118</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	384,065	0	384,065
Purchased and Contracted Services	48,666	211,297	259,963
Materials and Supplies	142,739	0	142,739
Dues and Memberships	27,163	0	27,163
Other Objects	3,896	201	4,097
Capital Outlay	80,347	73,717	154,064
	<u>686,876</u>	<u>285,215</u>	<u>972,091</u>
Total Cash Receipts Over Cash Disbursements	<u>161,978</u>	<u>121,049</u>	<u>283,027</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Proceeds from Sales of Property	221	9	230
Transfers-In	0	289,090	289,090
Advances-In	40,000	40,000	80,000
Transfers-Out	(289,090)	0	(289,090)
Advances-Out	(40,000)	(40,000)	(80,000)
	<u>(288,869)</u>	<u>289,099</u>	<u>230</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(126,891)	410,148	283,257
Fund Cash Balances, January 1	<u>243,337</u>	<u>1,669,244</u>	<u>1,912,581</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$116,446</u></b>	<b><u>\$2,079,392</u></b>	<b><u>\$2,195,838</u></b>
Reserves for Encumbrances, December 31	<u>\$33,801</u>	<u>\$1,681,168</u>	<u>\$1,714,969</u>

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

**MINERVA PUBLIC LIBRARY  
STARK COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Other Government Grants-In-Aid	\$796,811	\$0	\$796,811
Patron Fines and Fees	16,542	0	16,542
Earnings on Investments	10,318	94,200	104,518
Contributions, Gifts and Donations	2,320	60,960	63,280
Miscellaneous Receipts	435	0	435
	<u>826,426</u>	<u>155,160</u>	<u>981,586</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	361,505	0	361,505
Purchased and Contracted Services	54,411	20,470	74,881
Materials and Supplies	136,751	0	136,751
Dues and Memberships	10,515	0	10,515
Other Objects	2,712	0	2,712
Capital Outlay	10,389	0	10,389
	<u>576,283</u>	<u>20,470</u>	<u>596,753</u>
<b>Total Cash Disbursements</b>			
<b>Total Cash Receipts Over Cash Disbursements</b>	<u>250,143</u>	<u>134,690</u>	<u>384,833</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Proceeds from Sales of Property	1,008	0	1,008
Transfers-In	0	200,500	200,500
Transfers-Out	(200,500)	0	(200,500)
	<u>(199,492)</u>	<u>200,500</u>	<u>1,008</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
<b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements</b>	<u>50,651</u>	<u>335,190</u>	<u>385,841</u>
<b>Fund Cash Balances, January 1</b>	<u>192,686</u>	<u>1,334,054</u>	<u>1,526,740</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$243,337</b></u>	<u><b>\$1,669,244</b></u>	<u><b>\$1,912,581</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$66,631</b></u>	<u><b>\$0</b></u>	<u><b>\$66,631</b></u>



**MINERVA PUBLIC LIBRARY  
STARK COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Minerva Public Library, Stark 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 seven-member Board of Trustees appointed by the Library's Board of Trustees and subject to approval by the Minerva Local School District's Board of Education. The Library provides the community with various educational and literary resources.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

The Library is associated with MOLO Regional Library System which is defined as a Jointly Governed Organization under Governmental Accounting Standards Board (GASB) Statement No. 14, *Reporting Entity*. This organization is presented in Note 7.

**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 reported as assets. 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 Library maintains cash in an interest bearing checking account (repurchase agreement) and STAR Ohio. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund. Common stock is valued at fair value when donated.

**MINERVA PUBLIC LIBRARY  
STARK 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. Capital Projects Fund**

The Capital Project Fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. During 2001 and 2000, the Library's Capital Project Fund accounted for the expansion of the Library's parking lot, improvements to the storm sewer system, and renovation of the library building.

**E. Budgetary Process**

The Ohio Administrative Code requires budgeting for each fund annually.

**1. Appropriations**

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

**2. Estimated Resources**

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

**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.

**MINERVA PUBLIC LIBRARY  
STARK COUNTY**

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

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

**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	\$66,427	\$219,136
Petty cash	200	200
Total deposits	66,627	219,336
Investments		
STAR Ohio	2,029,597	1,669,245
Repurchase agreement	70,000	24,000
Common stock (at fair value when donated)	29,614	0
Total investments	2,129,211	1,693,245
Total deposits and investments	\$2,195,838	\$1,912,581

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**Investments:** Common stock is recorded at fair value when donated. Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form. The Library's financial institution transfers the securities to the Library's agent to collateralize repurchase agreements. The securities are not in the Library's name.

**MINERVA PUBLIC LIBRARY  
STARK COUNTY**

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

**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	\$891,949	\$889,075	(\$2,874)
Capital Projects	1,127,018	735,363	(391,655)
Total	\$2,018,967	\$1,624,438	(\$394,529)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,107,009	\$1,049,767	\$57,242
Capital Projects	2,796,263	2,006,383	789,880
Total	\$3,903,272	\$3,056,150	\$847,122

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$796,313	\$827,434	\$31,121
Capital Projects	250,720	355,660	104,940
Total	\$1,047,033	\$1,183,094	\$136,061

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$916,841	\$843,414	\$73,427
Capital Projects	170,300	20,470	149,830
Total	\$1,087,141	\$863,884	\$223,257

**4. GRANTS-IN-AID**

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF), which is included in Other Government Grants-In-Aid. 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.

**MINERVA PUBLIC LIBRARY  
STARK 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. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Library has paid all contributions required through December 31, 2001.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Minerva Public Library has obtained commercial insurance for the following risks:

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

The Library also provides medical, dental, and vision insurance coverage to employees through Medical Mutual of Ohio.

**7. MOLO Regional Library System**

MOLO Regional Library System (the Library System) is comprised of public, academic, special, school, institutional, and other libraries and information services established to provide cooperative information services and programs within the geographical areas of Carroll, Coshocton, Harrison, Holmes, Stark, Tuscarawas, and Wayne Counties. The Library System is chartered as a metropolitan library system, created and governed according to the provisions of Ohio Revised Code Sections 3375.90 through 3375.93 and does not overlap with any other legally state chartered system. The Library System is governed by an appointed Board of Trustees (the Board) comprised of eleven members which have the right to exercise all powers pursuant to Ohio Revised Code Section 3375.91. The Board composition includes seven members representing public libraries and four members representing non-public libraries. Board members serve a term of three years and cannot serve longer than two consecutive terms. The Library System is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden to the Library.

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

Minerva Public Library  
Stark County  
677 Lynnwood Drive  
Minerva, Ohio 44657

To the Board of Trustees:

We have audited the accompanying financial statements of the Minerva Public Library, Stark County, Ohio, (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 9, 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 August 9, 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.

Minerva Public Library  
Stark County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated August 9, 2002.

This report is intended solely for the information and use of management, the Audit Committee, the 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", written in a cursive style.

**Jim Petro**  
Auditor of State

August 9, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**MINERVA PUBLIC LIBRARY**

**STARK 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  
SEPTEMBER 12, 2002**