

**MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY**

INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2003 AND DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

Board of Trustees
Marvin Memorial Library

We have reviewed the Independent Auditor's Report of the Marvin Memorial Library, Richland County, prepared by Gary B. Fink & Associates, Inc. for the audit period January 1, 2002 through December 31, 2003. 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. Marvin Memorial Library is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

August 6, 2004

**MARVIN MEMORIAL LIBRARY, OHIO
RICHLAND COUNTY
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND DECEMBER 31, 2002**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Marvin Memorial Library, Richland County
29 West Whitney Avenue
Shelby, OH 44875

We have audited the accompanying financial statements of Marvin Memorial Library, Richland County (the Library), as of and for the years ended December 31, 2003 and December 31, 2002, 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. 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 the basis of accounting prescribed or permitted by the Auditor of State, 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 combined fund cash balances and reserves for encumbrances of Marvin Memorial Library as of December 31, 2003 and December 31, 2002, 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 June 15, 2004 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than those specified parties.



GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

June 15, 2004

**Marvin Memorial Library
Richland County
Combined Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash
Balances - All Governmental and Similar Fiduciary Fund Types
For the Year Ended December 31, 2003**

	Governmental Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	General	Capital Projects	Expendable Trust	
Cash Receipts				
Library and Local Government	\$534,832	\$0	\$0	\$534,832
Patron Fines and Fees	25,317	0	0	25,317
Earnings on Investments	8,658	22,225	8,522	39,405
Services Provided to Other Entities	100	43	0	143
Contributions, Gifts and Donations	6,034	10,000	670	16,704
Rentals	27,438	340	0	27,778
Refunds/Reimbursements	2,064	0	0	2,064
Total Cash Receipts	604,443	32,608	9,192	646,243
Cash Disbursements				
Current:				
Salaries and Benefits	341,115	0	0	341,115
Supplies	18,902	0	698	19,600
Purchased and Contracted Services	81,041	0	1,764	82,805
Library Materials and Information	107,684	0	0	107,684
Other	1,687	0	0	1,687
Capital Outlay	6,721	0	64	6,785
Total Cash Disbursements	557,150	0	2,526	559,676
Total Receipts Over Disbursements	47,293	32,608	6,666	86,567
Fund Cash Balances, January 1, 2003	319,041	671,836	240,714	1,231,591
Fund Cash Balances, December 31, 2003	<u>\$366,334</u>	<u>\$704,444</u>	<u>\$247,380</u>	<u>\$1,318,158</u>
Reserve For Encumbrances	<u>\$3,311</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,311</u>

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

Marvin Memorial Library
Richland County
Combined Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash
Balances - All Governmental and Similar Fiduciary Fund Types
For the Year Ended December 31, 2002

	Governmental Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	General	Capital Projects	Expendable Trust	
Cash Receipts				
Library and Local Government	\$540,997	\$0	\$0	\$540,997
Patron Fines and Fees	23,567	0	0	23,567
Earnings on Investments	12,274	5,204	7,169	24,647
Services Provided to Other Entities	540	4,995	0	5,535
Contributions, Gifts and Donations	2,953	0	673	3,626
Rentals	26,509	0	0	26,509
Refunds/Reimbursements	17,186	0	0	17,186
Total Cash Receipts	624,026	10,199	7,842	642,067
Cash Disbursements				
Current:				
Salaries and Benefits	327,553	0	0	327,553
Supplies	18,243	0	398	18,641
Purchased and Contracted Services	81,483	28,729	567	110,779
Library Materials and Information	102,735	0	207	102,942
Other	3,266	0	0	3,266
Capital Outlay	22,492	515	1,312	24,319
Total Cash Disbursements	555,772	29,244	2,484	587,500
Excess/(Deficiency) of Cash Receipts Over/ (Under) Cash Disbursements Before Other Financing Sources/(Uses)	68,254	(19,045)	5,358	54,567
Other Financing Sources/(Uses)				
Transfers In	0	150,000	0	150,000
Transfers Out	(150,000)	0	0	(150,000)
Total Other Financing Sources/(Uses)	(150,000)	150,000	0	0
Total Receipts Over/(Under) Disbursements	(81,746)	130,955	5,358	54,567
Fund Cash Balances, January 1, 2002	400,787	540,881	235,356	1,177,024
Fund Cash Balances, December 31, 2002	<u>\$319,041</u>	<u>\$671,836</u>	<u>\$240,714</u>	<u>\$1,231,591</u>
Reserve For Encumbrances	<u>\$6,359</u>	<u>\$0</u>	<u>\$0</u>	<u>\$6,359</u>

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

Marvin Memorial Library
Richland County
Statements of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances - Nonexpendable Trust Fund
For the Years Ended December 31, 2003 and December 31, 2002

	Fiduciary Fund Types	
	2003 Nonexpendable Trust	2002 Nonexpendable Trust
Operating Cash Receipts		
Earnings on Investments	\$14,312	\$13,558
Services Provided to Other Entities	0	131
	<hr/>	<hr/>
Total Operating Cash Receipts	14,312	13,689
Operating Cash Disbursements		
Library Materials and Information	12,802	8,183
	<hr/>	<hr/>
Operating Income	1,510	5,506
Fund Cash Balances, January 1,	136,124	130,618
	<hr/>	<hr/>
Fund Cash Balances, December 31,	<u>\$137,634</u>	<u>\$136,124</u>

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

MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

Marvin Memorial Library, Richland 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 the State of Ohio. The Library is directed by a publicly-elected, seven-member Board of Trustees appointed by the Shelby City 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.

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 (ie., 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 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.

Certificates of deposit are valued at cost. The investments in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. The donated common stock is valued at its fair market value at the date of receipt.

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:

MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

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

Governmental Fund Types:

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

Capital Projects Fund – This fund is 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 had the following Capital Projects Fund:

Permanent Improvement Fund – This fund is used to account for transfers from the General Fund and is used to purchase furniture and equipment for the Library.

Fiduciary Funds (Trust Funds):

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. Other trust funds are classified as expendable. The Library had the following significant Fiduciary Funds:

Expendable Trust Funds:

Endowment Fund – To account for donations received from the public and used for technology, professional services and capital outlay.

Kerr Memorial Fund – To account for donations received from the public and used for an annual subscription to the Wall Street Journal, purchase of mystery books and astronomy materials and equipment and supplies for the Children's Department.

Nonexpendable Trust Fund:

Williams Fund – To account for dividends received from donated common stock and interest received from certificates of deposit and used to purchase reference materials and selected works in the fields of scientific development and invention, including audio-visuals, electronic media and new technologies.

MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

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

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, disbursement 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.

A summary of 2003 and 2002 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. Unpaid Vacation Leave

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

MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

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 was as follows:

	2003	2002
Demand deposits	\$95,065	\$69,939
Certificates of Deposit	1,015,221	1,004,077
 Total Deposits	 1,110,286	 1,074,016
 Donated Stock	 48,835	 48,835
STAR Ohio	296,671	244,864
 Total Investments	 345,506	 293,699
 Total Deposits and Investments	 \$1,455,792	 \$1,367,715

Deposits – Deposits are either insured by the Federal Depository Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Library or collateralized by the financial institutions public entity deposit pool.

Investments – Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. Common stock consists of registered securities and are uninsured and uncollateralized.

3. **BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2003 and December 31, 2002 was as follows:

2003 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$577,480	\$604,443	\$26,963
Capital Projects	5,700	32,608	26,908
Fiduciary	18,375	23,504	5,129
 Total	 \$601,555	 \$660,555	 \$59,000

MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

3. **BUDGETARY ACTIVITY** (continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$815,712	\$560,461	\$255,251
Capital Projects	50,000	0	50,000
Fiduciary	41,500	15,328	26,172
Total	<u>\$907,212</u>	<u>\$575,789</u>	<u>\$331,423</u>

2002 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$587,000	\$624,026	\$37,026
Capital Projects	17,000	160,199	143,199
Fiduciary	24,950	21,531	(3,419)
Total	<u>\$628,950</u>	<u>\$805,756</u>	<u>\$176,806</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$829,918	\$705,772	\$124,146
Capital Projects	55,000	29,244	25,756
Fiduciary	36,625	10,667	25,958
Total	<u>\$921,543</u>	<u>\$745,683</u>	<u>\$175,860</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.

MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

5. **RETIREMENT SYSTEM**

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple-public employer retirement system. OPERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, OPERS members contributed 8.5% of their wages. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 2003.

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 all full-time employees through a private carrier.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Marvin Memorial Library, Richland County
29 West Whitney Avenue
Shelby, OH 44875

We have audited the financial statements of Marvin Memorial Library, Richland County (the Library), as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated June 15, 2004. 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 and contracts, 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 operations that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (continued)

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 Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than those specified parties.



GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

June 15, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

MARVIN MEMORIAL LIBRARY

RICHLAND 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
AUGUST 19, 2004**