



**REED MEMORIAL LIBRARY
PORTAGE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**REED MEMORIAL LIBRARY
PORTAGE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Reed Memorial Library
Portage County
167 East Main Street
Ravenna, Ohio 44266

To the Board of Trustees:

We have audited the accompanying financial statements of the Reed Memorial Library, Portage County, Ohio, (the Library) as of and for the years ended December 31, 2000 and 1999. 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 generally accepted auditing standards 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, 2000 and 1999, 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 February 26, 2001 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 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

February 26, 2001

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**REED MEMORIAL LIBRARY
PORTAGE 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>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
State Income Taxes	\$1,142,228			\$1,142,228
Patron Fines and Fees	22,807			22,807
Earnings on Investments	12,958	\$41,794	\$59,989	114,741
Services Provided to Other Entities	25			25
Contributions, Gifts and Donations	43,644		902,670	946,314
Miscellaneous Receipts	3,572	3,846		7,418
Total Cash Receipts	<u>1,225,234</u>	<u>45,640</u>	<u>962,659</u>	<u>2,233,533</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	537,258			537,258
Supplies	19,574			19,574
Purchased and Contracted Services	116,278			116,278
Library Materials and Information	209,347			209,347
Other Objects	534	30		564
Total Cash Disbursements	<u>882,991</u>	<u>30</u>		<u>883,021</u>
Total Cash Receipts Over Cash Disbursements	<u>342,243</u>	<u>45,610</u>	<u>962,659</u>	<u>1,350,512</u>
Other Financing Receipts/(Disbursements):				
Sales of Surplus Property	3,023			3,023
Transfers-In			42,500	42,500
Advances-In	87		87	174
Transfers-Out	(42,500)			(42,500)
Advances-Out	(87)		(87)	(174)
Total Other Financing Receipts/(Disbursements)	<u>(39,477)</u>		<u>42,500</u>	<u>3,023</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	302,766	45,610	1,005,159	1,353,535
Fund Cash Balances, January 1	<u>121,883</u>	<u>633,458</u>	<u>573,154</u>	<u>1,328,495</u>
Fund Cash Balances, December 31	<u>\$424,649</u>	<u>\$679,068</u>	<u>\$1,578,313</u>	<u>\$2,682,030</u>
Reserves for Encumbrances, December 31	<u>\$18,549</u>			<u>\$18,549</u>

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

REED MEMORIAL LIBRARY
PORTAGE COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Earnings on Investments	\$113
Operating Cash Disbursements:	
Library Materials and Information	<u>81</u>
Net Receipts Over Disbursements	32
Fund Cash Balances, January 1	<u>1,581</u>
Fund Cash Balances, December 31	<u><u>\$1,613</u></u>

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

**REED MEMORIAL LIBRARY
PORTAGE 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, 1999**

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	General	Capital Projects	Expendable Trust	
Cash Receipts:				
State Income Taxes	\$1,058,732			\$1,058,732
Patron Fines and Fees	24,521	\$3,855		28,376
Earnings on Investments	3,887	20,200	\$26,735	50,822
Contributions, Gifts and Donations(Unrestricted)	8,544		19,490	28,034
Sale of Supplies	167			167
Refunds & Reimbursements	270			270
Total Cash Receipts	1,096,121	24,055	46,225	1,166,401
Cash Disbursements:				
Current:				
Salaries and Benefits	390,812			390,812
Retirement Benefits	51,644			51,644
Insurance Benefits	47,017			47,016
Other Employee Benefits	175			175
General Admin. Supplies	15,732			15,732
Property Maint./Repair	6,059			6,060
Other Supplies	619			619
Purchased and Contracted Services	110,709			110,709
Library Material & Info.	189,554			189,554
Capital Outlay				
Building Improvements	7,825			7,825
Furniture & Equipment	11,119			11,119
Other Objects	8,009			8,009
Total Cash Disbursements	839,274			839,274
Total Cash Receipts Over Cash Disbursements	256,847	24,055	46,225	327,127
Other Financing Receipts/(Disbursements):				
Transfers-In		191,126		191,126
Transfers-Out	(191,126)			(191,126)
Total Other Financing Receipts/(Disbursements)	(191,126)	191,126		
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	65,721	215,181	46,225	327,127
Fund Cash Balances, January 1	56,162	418,277	526,929	1,001,368
Fund Cash Balances, December 31	\$121,883	\$633,458	\$573,154	\$1,328,495
Reserves for Encumbrances, December 31	\$23,980			\$23,980

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

REED MEMORIAL LIBRARY
PORTAGE COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Earning on Investments	\$81
Operating Cash Disbursements:	
Library Materials and Information	<u>87</u>
Net Receipts (Under) Disbursements	(6)
Fund Cash Balances, January 1	<u>1,587</u>
Fund Cash Balances, December 31	<u><u>\$1,581</u></u>

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

**REED MEMORIAL LIBRARY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Reed Memorial Library, Portage 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 the State of Ohio. The Library is directed by a seven member Board of Trustees appointed by the Ravenna City School Board. The Library is a member of the Portage Library Consortium. 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).

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. Except 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.

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:

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.

Capital Projects Fund

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:

Buildings and Repair Fund- This fund is for the expansion, maintenance, repair or renovation of the Library's buildings.

**REED MEMORIAL LIBRARY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Automation Fund - This fund is for the purchase of any automation equipment for the Library, including, but not limited to, scanners or computers.

Fiduciary Funds (Expendable Trust and Non-Expendable Trust Funds)

These 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 had the following significant fiduciary fund:

Weller Expendable Trust Fund - This fund received \$899,790 from the closing of a trustee account at a local bank in 2000. It is an unrestricted trust fund.

E. Budgetary Process

The Ohio Administrative Code requires that each fund be budgeted annually.

1. Appropriations

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

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 2000 and 1999 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 and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

**REED MEMORIAL LIBRARY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investments 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:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$451,617	\$334,495
Certificates of deposit	942,500	0
Total deposits	<u>1,394,117</u>	<u>334,495</u>
 STAR Ohio	<u>1,289,526</u>	<u>995,581</u>
Total investments	<u>1,289,526</u>	<u>995,581</u>
Total deposits and investments	<u>\$2,683,643</u>	<u>\$1,330,076</u>

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: The financial institution maintains records identifying the Library as owner of these securities. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,115,109	\$1,228,257	\$113,148
Capital Projects	35,500	45,640	10,140
Fiduciary	94,580	1,005,272	910,692
Total	<u>\$1,245,189</u>	<u>\$2,279,169</u>	<u>\$1,033,980</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,237,471	\$944,040	\$293,431
Capital Projects	4,200	30	4,170
Fiduciary	168	81	87
Total	<u>\$1,241,839</u>	<u>\$944,151</u>	<u>\$297,688</u>

**REED MEMORIAL LIBRARY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,046,958	\$1,096,121	\$49,163
Capital Projects	14,000	215,181	201,181
Fiduciary	52,230	46,306	(5,924)
Total	<u>\$1,113,188</u>	<u>\$1,357,608</u>	<u>\$244,420</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,158,438	\$1,054,380	\$104,058
Capital Projects	2,700	0	2,700
Fiduciary	87	87	0
Total	<u>\$1,161,225</u>	<u>\$1,054,467</u>	<u>\$106,758</u>

The Library follows the Ohio Administrative Code 117-4. The Library appears to be in compliance with the OAC 117-4.

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 on account of any additional revenues realized by the Library.

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 to the County by each April 30.

**REED MEMORIAL LIBRARY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)

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

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. 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, except for the period from July 2000 and December 2000. During this time period, the employers share was only 8.13%, due to a temporary employer contribution rate rollback passed by the Board of PERS. The Library has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

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

The Library also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

7. CUSTODIANS OF OTHER LIBRARY ASSETS

The Deferred Compensation Assets Fund is maintained by a custodian, as legally required. These assets, and the related receipts and disbursements, are not reflected in the accompanying financial statements.

Certain employees may elect to participate in the Aetna Tax Deferred Annuity Program. Amounts withheld from these employees are tax deferred, and are invested by the Program, as directed by the employees. Under Internal Revenue Code Section 457, these assets are contingent assets of the Library. However, management believes it is unlikely it will use these assets to satisfy the claims of general creditors. At December 31, 2000, the Program held \$207,674 in tax deferred annuity assets for the Library.

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

Reed Memorial Library
Portage County
167 East main Street
Ravenna, Ohio 44266

To the Board of Trustees:

We have audited the accompanying financial statements of the Reed Memorial Library, Portage County, Ohio (the Library), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated February 26, 2001. We conducted our audit in accordance with generally accepted auditing standards 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*. However we noted a certain instance of noncompliance that we have reported to management of the Library in a separate letter dated February 26, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 one 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 February 26, 2001.

Reed Memorial Library
Portage County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the 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

February 26, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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REED MEMORIAL LIBRARY

PORTAGE 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 17, 2001**