



**TAYLOR MEMORIAL LIBRARY
SUMMIT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**TAYLOR MEMORIAL LIBRARY
SUMMIT COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Taylor Memorial Library
Summit County
2015 Third Street
Cuyahoga Falls, Ohio 44221

To the Board of Trustees:

We have audited the accompanying financial statements of the Taylor Memorial Library (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 combined fund cash balances and reserves for encumbrances of the Library as of December 31, 2001 and 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 2, 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 2, 2002

**TAYLOR MEMORIAL LIBRARY
SUMMIT 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, 2001**

	<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:				
Other Government Grants-In-Aid	\$2,073,453			\$2,073,453
Patron Fines and Fees	44,679			44,679
Earnings on Investments	24,962	\$88,437	\$5,291	118,690
Contributions, Gifts and Donations	3,927			3,927
Miscellaneous Receipts	6,608			6,608
	<u>2,153,629</u>	<u>88,437</u>	<u>5,291</u>	<u>2,247,357</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	933,591			933,591
Purchased and Contracted Services	365,551			365,551
Other Objects	8,665			8,665
Library materials and information	243,646		205	243,851
Supplies	37,876			37,876
Capital Outlay	53,217	34,547		87,764
	<u>1,642,546</u>	<u>34,547</u>	<u>205</u>	<u>1,677,298</u>
Total Cash Receipts Over Cash Disbursements	<u>511,083</u>	<u>53,890</u>	<u>5,086</u>	<u>570,059</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		350,000		350,000
Transfers-Out	(350,000)			(350,000)
	<u>(350,000)</u>	<u>350,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	161,083	403,890	5,086	570,059
Fund Cash Balances, January 1	443,884	2,026,575	117,038	2,587,497
Fund Cash Balances, December 31	<u>\$604,967</u>	<u>\$2,430,465</u>	<u>\$122,124</u>	<u>\$3,157,556</u>
Reserves for Encumbrances, December 31	<u>\$211,655</u>	<u>\$49,817</u>	<u>\$0</u>	<u>\$261,472</u>

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

**TAYLOR MEMORIAL LIBRARY
SUMMIT 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:				
Other Government Grants-In-Aid	\$2,040,767			\$2,040,767
Patron Fines and Fees	40,973			40,973
Earnings on Investments	35,844	\$94,974	\$8,820	139,638
Contributions, Gifts and Donations	170			170
Miscellaneous Receipts	10,221			10,221
Total Cash Receipts	<u>2,127,975</u>	<u>94,974</u>	<u>8,820</u>	<u>2,231,769</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	906,757			906,757
Purchased and Contracted Services	312,594	4,508		317,102
Other Objects	4,374			4,374
Library materials and information	231,404			231,404
Supplies	27,479			27,479
Capital Outlay	30,190	145,117	14	175,321
Total Cash Disbursements	<u>1,512,798</u>	<u>149,625</u>	<u>14</u>	<u>1,662,437</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>615,177</u>	<u>(54,651)</u>	<u>8,806</u>	<u>569,332</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		498,237		498,237
Transfers-Out	(498,237)			(498,237)
Total Other Financing Receipts/(Disbursements)	<u>(498,237)</u>	<u>498,237</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	116,940	443,586	8,806	569,332
Fund Cash Balances, January 1	326,944	1,582,989	108,232	2,018,165
Fund Cash Balances, December 31	<u>\$443,884</u>	<u>\$2,026,575</u>	<u>\$117,038</u>	<u>\$2,587,497</u>
Reserves for Encumbrances, December 31	<u>\$343,885</u>	<u>\$39,950</u>	<u>\$0</u>	<u>\$383,835</u>

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

**TAYLOR MEMORIAL LIBRARY
SUMMIT COUNTY**

**COMBINED STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - NONEXPENDABLE TRUST FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
Non-Operating Cash Receipts:		
Earnings on Investments	\$3,605	\$2,595
Fund Cash Balances, January 1	<u>54,277</u>	<u>51,682</u>
Fund Cash Balances, December 31	<u>\$57,882</u>	<u>\$54,277</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>

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

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**TAYLOR MEMORIAL LIBRARY
SUMMIT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Taylor Memorial Library, Summit 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 an eleven-member Board of Trustees, of which five members are lifetime Trustees appointed by the Library Association, four members are appointed by the Mayor of Cuyahoga Falls, and two members are appointed by the Cuyahoga Falls 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 (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 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, repurchase agreements and U.S. Treasury Notes are valued at cost.

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:

**TAYLOR MEMORIAL LIBRARY
SUMMIT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Capital Projects Funds (Continued)

Building Fund - This fund is used to account for expenditures related to general improvements to the Library's land and building.

Permanent Improvement Fund - This fund is used to account for expenditures related to improvements of a more permanent nature such as construction or an addition to the Library.

3. 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:

Carl and Mary A. Graefe Trust Fund - This Expendable Trust Fund is used to account for donations from Carl and Mary Graefe to benefit the Library

Paul and Mildred Underwood Memorial Fund - This Expendable Trust Fund is used to account for providing children's programs and encouraging young readers in such a manner as determined by the Board of Trustees.

Caroline Affleck Memorial Scholarship Fund - This Nonexpendable Trust Fund is used to account for a scholarship trust where only the income shall be used to pay one year's tuition and expenses of a student who is attending an accredited School of Library Science.

E. Budgetary Process

For 2000, the Ohio Administrative Code required budgeting for each fund. For 2001, Ohio Administrative Code required that only fund appropriations be budgeted. However, the Library chose to do a full budget for 2001.

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.

**TAYLOR MEMORIAL LIBRARY
SUMMIT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Administrative Code requires (in 2000) 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 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.

2. EQUITY IN POOLED CASH AND INVESTMENT

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	(\$32,025)	(\$55,640)
Certificates of deposit	60,000	60,000
Cash on hand	140	140
Total deposits	28,115	4,500
U.S. Treasury Notes	287,323	382,274
Repurchase agreement	2,900,000	2,255,000
Total investments	3,187,323	2,637,274
Total deposits and investments	\$3,215,438	\$2,641,774

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

The negative demand deposit balance is covered by resources that are available in the overnight repurchase agreement account.

**TAYLOR MEMORIAL LIBRARY
SUMMIT COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENT (Continued)

Investments: The Library's agent holds securities collateralizing repurchase agreements. The securities are not in the Library's name. U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities.

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	\$2,243,545	\$2,153,629	(\$89,916)
Capital Projects	0	438,437	438,437
Expendable Trust	0	5,291	5,291
Nonexpendable Trust	0	3,605	3,605
Total	\$2,243,545	\$2,600,962	\$357,417

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,204,200	\$2,204,201	(\$1)
Capital Projects	2,026,575	84,364	1,942,211
Expendable Trust	117,038	205	116,833
Nonexpendable Trust	54,276	0	54,276
Total	\$4,402,089	\$2,288,770	\$2,113,319

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,141,531	\$2,127,975	(\$13,556)
Capital Projects	0	593,211	593,211
Expendable Trust	0	8,820	8,820
Nonexpendable Trust	0	2,595	2,595
Total	\$2,141,531	\$2,732,601	\$591,070

**TAYLOR MEMORIAL LIBRARY
SUMMIT 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	\$2,354,920	\$2,354,920	\$0
Capital Projects	1,582,989	189,575	1,393,414
Expendable Trust	108,232	14	108,218
Nonexpendable Trust	51,682	0	51,682
Total	\$4,097,823	\$2,544,509	\$1,553,314

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.

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

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions.

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

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

Taylor Memorial Library
Summit County
2015 Third Street
Cuyahoga Falls, Ohio 44221

To the Board of Trustees:

We have audited the accompanying financial statements of the Taylor Memorial Library, Summit County, (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 2, 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 April 2, 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.

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 2, 2002.

Taylor Memorial Library
Summit County
Report of Independent Accountants on Compliance and on
Internal Control Required By *Government Auditing Standards*
Page 2

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 2, 2002



STATE OF OHIO
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TAYLOR MEMORIAL LIBRARY

SUMMIT 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**