



**MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Marvin Memorial Library
Richland County
29 West Whitney Avenue
Shelby, Ohio 44875

To the Board of Trustees:

We have audited the accompanying financial statements of the Marvin Memorial Library, Richland County, (the Library) as of and for the years ended December 31, 1999 and 1998. 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 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 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, 1999 and 1998, 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 22, 2000 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.

This report is intended solely for the information and use of the Audit Committee, 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

February 22, 2000

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**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**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Government Grants-In-Aid	\$536,931			\$536,931
Patron Fines and Fees	15,531			15,531
Earnings on Investments	51,934		\$8,361	60,295
Services Provided to Other Entities	126			126
Contributions, Gifts and Donations	6,780		350	7,130
Miscellaneous	377			377
Total Cash Receipts	611,679	0	8,711	620,390
Cash Disbursements:				
Current:				
Salaries and Benefits	230,394			230,394
Supplies	17,039			17,039
Purchased and Contracted Services	50,997	11,135	100	62,232
Library Materials and Information	86,543			86,543
Other Objects	1,487			1,487
Debt Service:				
Interest Payments and Other Financing Fees and Costs	25			25
Capital Outlay	8,320	31,644		39,964
Total Cash Disbursements	394,805	42,779	100	437,684
Total Cash Receipts Over/(Under) Cash Disbursements	216,874	(42,779)	8,611	182,706
Other Financing Receipts/(Disbursements):				
Transfers-In		54,970		54,970
Transfers-Out	(54,970)			(54,970)
Total Other Financing Receipts/(Disbursements)	(54,970)	54,970	0	0
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	161,904	12,190	8,611	182,706
Fund Cash Balances, January 1	592,475	922	195,801	789,198
Fund Cash Balances, December 31	\$754,379	\$13,112	\$204,412	\$971,904
Reserves for Encumbrances, December 31	\$8,423	\$0	\$0	\$8,423

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

**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, 1998**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Government Grants-In-Aid	\$503,439	\$1,500			\$504,939
Patron Fines and Fees	13,415				13,415
Earnings on Investments	21,056				21,056
Services Provided to Other Entities	45				45
Contributions, Gifts and Donations	3,607			\$10,595	14,202
Miscellaneous	5,032				5,032
Total Cash Receipts	546,594	1,500	0	10,595	558,689
Cash Disbursements:					
Current:					
Salaries and Benefits	231,867				231,867
Supplies	13,325	550			13,875
Purchased and Contracted Services	48,863	950		2,125	51,938
Library Materials and Information	68,063				68,063
Other Objects	1,762				1,762
Debt Service:					
Interest Payments and Other Financing Fees and Costs	10				10
Capital Outlay	1,314		67,435		68,749
Total Cash Disbursements	365,204	1,500	67,435	2,125	436,264
Total Cash Receipts Over/(Under) Cash Disbursements	181,390	0	(67,435)	8,470	122,425
Other Financing Receipts/(Disbursements):					
Sale of Surplus Property	600				600
Transfers-In			30,924		30,924
Transfers-Out	(30,924)				(30,924)
Total Other Financing Receipts/(Disbursements)	(30,324)	0	30,924	0	600
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	151,066	0	(36,511)	8,470	123,025
Fund Cash Balances, January 1	441,409		37,433	187,331	666,173
Fund Cash Balances, December 31	\$592,475	\$0	\$922	\$195,801	\$789,198
Reserves for Encumbrances, December 31	\$2,918	\$0	\$0	\$0	\$2,918

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES-
NONEXPENDABLE TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	1999	1998
Operating Cash Receipts:		
Earnings on Investments	\$14,283	\$15,593
Operating Cash Disbursements:		
Library Materials and Information	10,930	13,226
Operating Income	3,353	2,367
Fund Cash Balances, January 1	116,434	114,067
Fund Cash Balances, December 31	\$119,787	\$116,434
Reserves for Encumbrances, December 31	\$217	\$594

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

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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 and 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Marvin Memorial Library, Richland 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 Shelby City Schools 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 cash fund balance. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

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. 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:

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. Special Revenue Fund

This fund is used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had one significant Special Revenue Fund in 1998 to account for a Restricted Local Grant received from the Richland County Foundation for aid in the "Summertime Kids Reading Program."

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 and 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. 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 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.

4. 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 Fund

Endowment Fund - To account for donations received from the public and used for professional services and books.

Nonexpendable Trust Fund

Williams Fund - To account for dividends received from the donated common stock and used to purchase reference materials.

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 1999 and 1998 budgetary activity appears in Note 3.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 and 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In certain circumstances, employees are entitled to cash payments for unused vacation and sick leave, 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.

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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$88,349	\$127,915
Certificates of deposit	<u>429,765</u>	<u>478,696</u>
Total deposits	518,114	606,611
Donated stock	48,835	48,835
STAR Ohio	<u>524,742</u>	<u>250,186</u>
Total investments	<u>573,577</u>	<u>299,021</u>
Total deposits and investments	<u><u>\$1,091,691</u></u>	<u><u>\$905,632</u></u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library.

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 is uninsured, and uncollateralized.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$530,979	\$611,679	\$80,700
Capital Projects	6,500	54,970	48,470
Fiduciary	<u>12,000</u>	<u>22,994</u>	<u>10,994</u>
Total	<u><u>\$549,479</u></u>	<u><u>\$689,643</u></u>	<u><u>\$140,164</u></u>

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 and 1998
(Continued)

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$646,994	\$458,198	\$188,796
Capital Projects	54,423	42,779	11,644
Fiduciary	24,935	11,247	13,688
Total	<u>\$726,352</u>	<u>\$512,224</u>	<u>\$214,128</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$486,566	\$547,194	\$60,628
Special Revenue	1,500	1,500	0
Capital Projects	30,000	30,924	924
Fiduciary	12,000	26,188	14,188
Total	<u>\$530,066</u>	<u>\$605,806</u>	<u>\$75,740</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$606,067	\$399,046	\$207,021
Special Revenue	1,500	1,500	0
Capital Projects	69,300	67,435	1,865
Fiduciary	18,000	15,945	2,055
Total	<u>\$694,867</u>	<u>\$483,926</u>	<u>\$210,941</u>

4. STATE INCOME TAX

Effective January 1, 1986, the primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF) created by the State Legislature to replace the intangible tax. The distribution formula for the LLGSF consists of two parts: the guaranteed share and the share of the excess.

The County Budget Commission allocates these funds to each qualified public library board based on the needs of such library for the construction of new library buildings, improvements, maintenance or other expenses. The Budget Commission cannot reduce its allocation of these funds to any library because of any additional revenues the respective library received.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 and 1998
(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 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. The Library has paid all contributions required through December 31, 1999.

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 to full-time employees through a private carrier.

7. SUBSEQUENT EVENT

On January 11, 2000, the Library received an unrestricted donation in the amount of \$187,000.

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

Marvin Memorial Library
Richland County
29 West Whitney Avenue
Shelby, Ohio 44875

To the Board of Trustees:

We have audited the accompanying financial statements of the Marvin Memorial Library, Richland County, (the Library) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated February 22, 2000. We conducted our audits 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 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*.

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.

This report is intended 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.

Jim Petro
Auditor of State

February 22, 2000



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MARVIN MEMORIAL PUBLIC 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
MARCH 23, 2000**