



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

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**STATE OF OHIO**



MARTINS FERRY PUBLIC LIBRARY  
BELMONT COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Martins Ferry Public Library  
Belmont County  
20 South Fifth Street  
Martins Ferry, Ohio 43935

To the Board of Trustees:

We have audited the accompanying financial statements of the Martins Ferry Public Library, Belmont 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 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 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 Martins Ferry Public Library, Belmont County, 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 February 26, 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 audit.

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 these specified parties.

**Jim Petro**  
Auditor of State

February 26, 2002

**MARTINS FERRY PUBLIC LIBRARY  
BELMONT COUNTY**

**COMBINED 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$1,259,826	\$0	\$1,259,826
Patron Fines and Fees	20,002		20,002
Earnings on Investments	6,180	20,616	26,796
Contributions, Gifts and Donations	134,109	2,667	136,776
Miscellaneous Receipts	11,816	300	12,116
	<u>1,431,933</u>	<u>23,583</u>	<u>1,455,516</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	698,917		698,917
Purchased and Contracted Services	212,430	883	213,313
Supplies	33,827		33,827
Library Materials and Information	319,253		319,253
Other Objects	4,441		4,441
Capital Outlay	191,480	45,572	237,052
	<u>1,460,348</u>	<u>46,455</u>	<u>1,506,803</u>
<b>Total Cash Disbursements</b>			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(28,415)</u>	<u>(22,872)</u>	<u>(51,287)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		5,000	5,000
Transfers-Out	(5,000)		(5,000)
	<u>(5,000)</u>	<u>5,000</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(33,415)	(17,872)	(51,287)
Fund Cash Balances, January 1	202,994	244,921	447,915
<b>Fund Cash Balances, December 31</b>	<u><b>\$169,579</b></u>	<u><b>\$227,049</b></u>	<u><b>\$396,628</b></u>
Reserves for Encumbrances, December 31	<u>\$52,048</u>	<u>\$0</u>	<u>\$52,048</u>

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

**MARTINS FERRY PUBLIC LIBRARY  
BELMONT COUNTY**

**COMBINED 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>		<b>Totals</b>
	<u>General</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$1,242,229	\$0	\$1,242,229
Other Government Grants-In-Aid		184,406	184,406
Patron Fines and Fees	17,993		17,993
Earnings on Investments	5,009	9,202	14,211
Contributions, Gifts and Donations	8,525	19,778	28,303
Miscellaneous Receipts	1,381	45	1,426
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	1,275,137	213,431	1,488,568
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	609,082		609,082
Purchased and Contracted Services	195,035	547,236	742,271
Supplies	30,608		30,608
Library Materials and Information	275,997		275,997
Other Objects	4,144		4,144
Capital Outlay	118,812		118,812
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	1,233,678	547,236	1,780,914
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	41,459	(333,805)	(292,346)
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		64,167	64,167
Transfers-Out	(5,000)	(59,167)	(64,167)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(5,000)	5,000	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	36,459	(328,805)	(292,346)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	166,535	573,726	740,261
<b>Fund Cash Balances, December 31</b>	<hr/>	<hr/>	<hr/>
	<b>\$202,994</b>	<b>\$244,921</b>	<b>\$447,915</b>
Reserves for Encumbrances, December 31	<hr/>	<hr/>	<hr/>
	\$52,569	\$975	\$53,544

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

**MARTINS FERRY PUBLIC LIBRARY  
BELMONT COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Martins Ferry Public Library, Belmont 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 a seven-member Board of Trustees appointed by the Board of Education of the Martins Ferry City School District. The Library provides the community with various educational and literary resources. The Library is involved with the SOLO Regional Library which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 7.

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 fund cash balances. 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.

**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:

**MARTINS FERRY PUBLIC LIBRARY  
BELMONT 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)**

Permanent Improvement Funds - These funds receive interest earnings, gifts and donations and federal grants for building improvements to the Library.

**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.

**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.

**MARTINS FERRY PUBLIC LIBRARY  
BELMONT COUNTY**

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

**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	\$202,189	\$234,233
Certificates of deposit	194,139	213,382
Petty Cash	300	300
Total deposits	\$396,628	\$447,915

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Library, or (3) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,377,752	\$1,431,933	\$54,181
Capital Projects	14,460	28,583	14,123
Total	\$1,392,212	\$1,460,516	\$68,304

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,580,746	\$1,517,396	\$63,350
Capital Projects	50,275	46,455	3,820
Total	\$1,631,021	\$1,563,851	\$67,170

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,154,126	\$1,275,137	\$121,011
Capital Projects	270,953	277,598	6,645
Total	\$1,425,079	\$1,552,735	\$127,656

**MARTINS FERRY PUBLIC LIBRARY  
BELMONT 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	\$1,320,661	\$1,291,247	\$29,414
Capital Projects	615,745	607,378	8,367
Total	\$1,936,406	\$1,898,625	\$37,781

**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 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000. The Library has paid all contributions required through December 31, 2001.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Vehicles

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

**MARTINS FERRY PUBLIC LIBRARY  
BELMONT COUNTY**

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

**7. JOINTLY GOVERNED ORGANIZATION**

The Southeastern Ohio Library Organization Regional Library System, (SOLO), is a regional library system created and jointly governed according to the provisions of Ohio Rev. Code § 3375.90 through § 3375.93. SOLO is composed of fourteen legally-separate libraries within Southeast Ohio: Barnesville Hutton Memorial Library, Bellaire Public Library, Caldwell Public Library, Guernsey County District Library, Kate Love Simpson Library, Martins Ferry Public Library, Monroe County District Library, Muskingum County Public Library System, Newark Public Library, Perry County District Library, Public Library of Steubenville and Jefferson County, Puskarich Public Library, St. Clairsville Public Library, and Washington County Public Library. SOLO is governed by a fourteen member Board of Trustees selected by the Librarians Council which consists of the library administrators or a representative from each member library. SOLO provides annual training workshops for member library employees, technical training and assistance, a central graphics center, and coordinates the delivery of intra-library book loans. The Martins Ferry Public Library's control over budgeting and financing of SOLO is limited to its voting authority and its representation on SOLO's Board of Trustees.

**8. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**9. RELATED PARTY TRANSACTIONS**

The Library pays an annual fee to SOLO Regional Library System, a jointly governed organization, of which the Library is a member. The Library paid \$6,025 to the SOLO Regional Library System during the period January 1, 2001 through December 31, 2001 and paid \$8,000 during the period of January 1, 2000 through December 31, 2000.

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

Martins Ferry Public Library  
Belmont County  
20 South Fifth Street  
Martins Ferry, Ohio 43935

To the Board of Trustees:

We have audited the accompanying financial statements of the Martins Ferry Public Library, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated February 26, 2002. 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, 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 immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated February 26, 2002.

**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 operation that we consider to be material weaknesses. However, we noted another 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, 2002.

Martins Ferry Public Library  
Belmont County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
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This report is intended 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

February 26, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**MARTINS FERRY PUBLIC LIBRARY**

**BELMONT 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**