



**MOLO REGIONAL LIBRARY SYSTEM
TUSCARAWAS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2002-2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MOLO REGIONAL LIBRARY SYSTEM
TUSCARAWAS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

MOLO Regional Library System
Tuscarawas County
1260 Monroe Avenue
New Philadelphia, Ohio 44663-4147

To the Board of Trustees:

We have audited the accompanying financial statements of the MOLO Regional Library System, Tuscarawas County, Ohio, (the Library System) as of and for the years ended June 30, 2002 and 2001. These financial statements are the responsibility of the Library System'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 System 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 of the Library System as of June 30, 2002 and 2001, 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 August 23, 2002 on our consideration of the Library System'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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

August 23, 2002

**MOLO REGIONAL LIBRARY SYSTEM
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Government Grants-In-Aid:			
Federal Grants-In-Aid		\$14,974	\$14,974
State Grants-In-Aid		182,816	182,816
Local Grants-In-Aid		4,705	4,705
Services to Other Libraries	\$162,832		162,832
Earnings on Investments	4,430		4,430
Miscellaneous	5,286		5,286
	<u>172,548</u>	<u>202,495</u>	<u>375,043</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	33,324	147,703	181,027
Supplies	12,174		12,174
Purchases and Contracted Services	74,478	56,053	130,531
Library Materials and Information	1,635		1,635
	<u>121,611</u>	<u>203,756</u>	<u>325,367</u>
Total Cash Receipts Over/(Under) Cash Disbursements	50,937	(1,261)	49,676
Fund Cash Balances, January 1	<u>176,639</u>	<u>16,235</u>	<u>192,874</u>
Fund Cash Balances, December 31	<u>\$227,576</u>	<u>\$14,974</u>	<u>\$242,550</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**MOLO REGIONAL LIBRARY SYSTEM
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Government Grants-In-Aid:			
Federal Grants-In-Aid		\$14,180	\$14,180
State Grants-In-Aid		206,582	206,582
Local Grants-In-Aid		2,055	2,055
Services to Other Libraries	\$132,671		132,671
Earnings on Investments	13,776		13,776
Miscellaneous	11,956		11,956
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	158,403	222,817	381,220
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Salaries and Benefits	42,354	171,931	214,285
Supplies	17,071		17,071
Purchases and Contracted Services	127,862	34,651	162,513
Library Materials and Information	5,117		5,117
Capital Outlay	4,670		4,670
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	197,074	206,582	403,656
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(38,671)	16,235	(22,436)
Fund Cash Balances, January 1	215,310	0	215,310
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$176,639	\$16,235	\$192,874
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$0	\$0	\$0
	<hr/>	<hr/>	<hr/>

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

**MOLO REGIONAL LIBRARY SYSTEM
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The MOLO Regional Library System, Tuscarawas County, (the Library System) 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 System is directed by an appointed Board of Trustees (the Board) comprised of eleven members which have the right to exercise all powers pursuant to Ohio Revised Code Section 3375.91. The Board composition includes seven members representing public libraries and four members representing non-public libraries. Board members serve a term of three years and cannot serve longer than two consecutive terms.

The Library System's management believes these financial statements present all activities for which the Library System 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Library System deposits monies into two checking accounts with a financial institution eligible to maintain the Library System's monies. The Library also invests monies in STAR Ohio.

D. Fund Accounting

The Library System uses fund accounting to segregate cash and investments that are restricted as to use. The Library System 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 Funds

These funds are 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 System has the following significant Special Revenue Fund:

State Fund – This fund receives state funded monies for operational and administrative costs, continuing education, and library resources.

**MOLO REGIONAL LIBRARY SYSTEM
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Library System is required to file a budget with the State Library Board during May of the preceding fiscal year. Budgetary expenditures may not exceed appropriations at the fund or function level of control.

A summary of 2002 and 2001 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 System uses.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library System 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>2002</u>	<u>2001</u>
Demand deposits	\$87,455	\$41,603
STAR Ohio	<u>155,095</u>	<u>151,271</u>
Total deposits and investments	<u><u>\$242,550</u></u>	<u><u>\$192,874</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Library System.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**MOLO REGIONAL LIBRARY SYSTEM
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$144,925	\$172,548	\$27,623
Special Revenue	201,790	202,495	705
Total	\$346,715	\$375,043	\$28,328

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$315,631	\$121,611	\$194,020
Special Revenue	224,663	203,756	20,907
Total	\$540,294	\$325,367	\$214,927

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$142,529	\$158,403	\$15,874
Special Revenue	228,322	222,817	(5,505)
Total	\$370,851	\$381,220	\$10,369

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$357,726	\$197,074	\$160,652
Special Revenue	228,332	206,582	21,750
Total	\$586,058	\$403,656	\$182,402

4. 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.

**MOLO REGIONAL LIBRARY SYSTEM
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001
(Continued)**

4. RETIREMENT SYSTEM (Continued)

Contribution rates are prescribed by the Ohio Revised Code. The Library System's PERS members contributed 8.5% of their gross salaries. The Library System contributed an amount equal to 13.55% of participants' gross salaries for 2002 and from January 1, 2001 through June 30, 2001. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Library System has paid all contributions required through June 30, 2002.

5. RISK MANAGEMENT

The MOLO Regional Library System has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Data processing equipment

The Library System also provides full health insurance coverage to full-time employees through Aultcare.

6. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the state 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.



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

MOLO Regional Library System
Tuscarawas County
1260 Monroe Avenue
New Philadelphia, Ohio 44663-4147

To the Board of Trustees:

We have audited the accompanying financial statements of the MOLO Regional Library System, Tuscarawas County, Ohio, (the Library System) as of and for the years ended June 30, 2002 and 2001, and have issued our report thereon dated August 23, 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 System'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 System'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 System in a separate letter dated August 23, 2002.

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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

August 23, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MOLO REGIONAL LIBRARY SYSTEM

TUSCARAWAS 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
OCTOBER 8, 2002**