



**Auditor of State
Betty Montgomery**

MINERVA PUBLIC LIBRARY
STARK COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Minerva Public Library
Stark County
677 Lynnwood Drive
Minerva, Ohio 44657

To the Board of Trustees:

We have audited the accompanying financial statements of the Minerva Public Library, Stark County, Ohio, (the Library) as of and for the years ended December 31, 2003 and 2002. 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.

Except as discussed below, 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.

The Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

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, 2003 and 2002, 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 13, 2004 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.

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This report is intended solely for the information and use of the audit committee, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 13, 2004

**MINERVA PUBLIC LIBRARY
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Other Government Grants-In-Aid	\$732,688		\$732,688
Patron Fines and Fees	16,503		16,503
Earnings on Investments	1,260	\$3,295	4,555
Contributions, Gifts and Donations	2,148	7,681	9,829
Miscellaneous Receipts	10,257	1,758	12,015
Total Cash Receipts	<u>762,856</u>	<u>12,734</u>	<u>775,590</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	563,498		563,498
Purchased and Contracted Services	62,470	73,470	135,940
Library Materials and Supplies	132,589		132,589
Other	21,409		21,409
Capital Outlay	8,221	713,544	721,765
Total Cash Disbursements	<u>788,187</u>	<u>787,014</u>	<u>1,575,201</u>
Total Cash Receipts (Under) Cash Disbursements	<u>(25,331)</u>	<u>(774,280)</u>	<u>(799,611)</u>
Other Financing Receipts:			
Sale of Fixed Assets	7,383		7,383
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	(17,948)	(774,280)	(792,228)
Fund Cash Balances, January 1	<u>101,993</u>	<u>866,983</u>	<u>968,976</u>
Fund Cash Balances, December 31	<u>\$84,045</u>	<u>\$92,703</u>	<u>\$176,748</u>
Reserves for Encumbrances, December 31	<u>\$13,873</u>	<u>\$40,538</u>	<u>\$54,411</u>

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

**MINERVA PUBLIC LIBRARY
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Other Government Grants-In-Aid	\$747,393		\$747,393
Patron Fines and Fees	14,832		14,832
Earnings on Investments	2,067	\$30,052	32,119
Services Provided to Other Entities	2		2
Contributions, Gifts and Donations	2,045	12,092	14,137
Miscellaneous Receipts	8,697	800	9,497
	<u>775,036</u>	<u>42,944</u>	<u>817,980</u>
Total Cash Receipts			
	<u>775,036</u>	<u>42,944</u>	<u>817,980</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	454,355		454,355
Purchased and Contracted Services	50,541	76,820	127,361
Library Materials and Supplies	150,085		150,085
Other	37,936		37,936
Capital Outlay	46,571	1,228,534	1,275,105
	<u>739,488</u>	<u>1,305,354</u>	<u>2,044,842</u>
Total Cash Disbursements			
	<u>739,488</u>	<u>1,305,354</u>	<u>2,044,842</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>35,548</u>	<u>(1,262,410)</u>	<u>(1,226,862)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		50,000	50,000
Transfers-Out	(50,000)		(50,000)
	<u>(50,000)</u>	<u>50,000</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
	<u>(50,000)</u>	<u>50,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	<u>(14,452)</u>	<u>(1,212,410)</u>	<u>(1,226,862)</u>
Fund Cash Balances, January 1	<u>116,445</u>	<u>2,079,393</u>	<u>2,195,838</u>
Fund Cash Balances, December 31	<u>\$101,993</u>	<u>\$866,983</u>	<u>\$968,976</u>
Reserves for Encumbrances, December 31	<u>\$8,873</u>	<u>\$827,335</u>	<u>\$836,208</u>

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

**MINERVA PUBLIC LIBRARY
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Minerva Public Library, Stark County, Ohio, (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 Library's Board of Trustees and subject to approval by the Minerva Local 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.

The Library is associated with MOLO Regional Library System which is defined as a Jointly Governed Organization under Governmental Accounting Standards Board (GASB) Statement No. 14, *Reporting Entity*. This organization is presented in Note 7.

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

Investments are reported as assets. 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.

The Library maintains cash in an interest bearing checking account (repurchase agreement) and STAR Ohio. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

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.

**MINERVA PUBLIC LIBRARY
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following significant capital project fund:

Capital Projects Fund – This fund is used to accumulate resources for the acquisition or construction of major capital projects.

E. Budgetary Process

The Board must annually approve appropriation measures. Budgetary expenditures may not exceed appropriations at the fund, function, and object level of control.

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 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:

	2003	2002
Demand deposits	\$64,757	\$81,053
Petty Cash	325	250
Total deposits	65,082	81,303
 STAR Ohio	 111,666	 887,673
Total investments	111,666	887,673
 Total deposits and investments	 \$176,748	 \$968,976

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form. The Library's financial institution transfers the securities to the Library's agent to collateralize repurchase agreements. The securities are not in the Library's name.

**MINERVA PUBLIC LIBRARY
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$820,114	\$802,060	\$18,054
Capital Projects	996,472	827,552	168,920
Total	\$1,816,586	\$1,629,612	\$186,974

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$852,082	\$748,361	\$103,721
Capital Projects	2,174,393	2,132,689	41,704
Total	\$3,026,475	\$2,881,050	\$145,425

4. GRANTS-IN-AID

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 Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. OPERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees.

Contribution rates are prescribed by the Ohio Revised Code. The Library's OPERS 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, 2003.

6. RISK MANAGEMENT

Commercial Insurance

The Minerva Public Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions.

The Library also provides medical, dental and vision insurance coverage to employees through Medical Mutual of Ohio.

**MINERVA PUBLIC LIBRARY
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. MOLO REGIONAL LIBRARY SYSTEM

MOLO Regional Library System (the Library System) is comprised of public, academic, special, school, institutional, and other libraries and information services established to provide cooperative information services and programs within the geographical areas of Carroll, Coshocton, Harrison, Holmes, Stark, Tuscarawas, and Wayne Counties. The Library system is chartered as a metropolitan library system, created and governed according to the provisions of Ohio Revised Code Sections 3375.90 through 3375.93 and does not overlap with any other legally state chartered system. The Library System is governed 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 is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden to the Library.



Auditor of State Betty Montgomery

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

Minerva Public Library
Stark County
677 Lynnwood Avenue
Minerva, Ohio 44657

To the Board of Trustees:

We have audited the accompanying financial statements of the Minerva Public Library, Stark County, Ohio, (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 13, 2004, wherein we noted that the Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. Except as discussed in the preceding sentence, 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*.

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.

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Minerva Public Library
Stark County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 13, 2004



**Auditor of State
Betty Montgomery**

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MINERVA PUBLIC LIBRARY

STARK 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
SEPTEMBER 9, 2004**