

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2007 - 2006**





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Marvin Memorial Library  
29 West Whitney Avenue  
Shelby, Ohio 44875

We have reviewed the *Independent Accountants' Report* of the Marvin Memorial Library, Richland County, prepared by Knox & Knox, for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Marvin Memorial Library is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 8, 2009

**This Page is Intentionally Left Blank.**

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**REGULAR AUDIT**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report. . . . .	1
Management's Discussion and Analysis. . . . .	3
Basic Financial Statements:	
Government-Wide Statements:	
Statement of Net Assets - Cash Basis - For the Year Ended December 31, 2007. . . . .	9
Statement of Activities - Cash Basis - For the Year Ended December 31, 2007. . . . .	10
Fund Financial Statements	
Statement of Cash Basis Assets and Fund Balances Governmental Funds - For the Year Ended December 31, 2007. . . . .	11
Statement of Cash Receipts, Disbursements, and Changes In Cash Basis Fund Balances - Governmental Funds For the Year Ended December 31, 2007. . . . .	12
Statement of Receipts, Disbursements and Changes in Fund Balance- Budget and Actual - Budget Basis - General Fund For the Year Ended December 31, 2007. . . . .	13
Government-Wide Statements:	
Statement of Net Assets - Cash Basis - For the Year Ended December 31, 2006. . . . .	14
Statement of Activities - Cash Basis - For the Year Ended December 31, 2006. . . . .	15
Fund Financial Statements	
Statement of Cash Basis Assets and Fund Balances Governmental Funds - For the Year Ended December 31, 2006. . . . .	16
Statement of Cash Receipts, Disbursements, and Changes In Cash Basis Fund Balances - Governmental Funds For the Year Ended December 31, 2006. . . . .	17
Statement of Receipts, Disbursements and Changes in Fund Balance- Budget and Actual - Budget Basis - General Fund For the Year Ended December 31, 2006. . . . .	18
Notes to Financial Statements. . . . .	19
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> . . . . .	31

This page is intentionally left blank.

# KNOX & KNOX

---

Accountants and Consultants

## INDEPENDENT ACCOUNTANTS' REPORT

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 governmental activities, and major fund of Marvin Memorial Library, Richland County, Ohio (the Library), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

As discussed in Note 2C, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, and major fund of the Marvin Memorial Library, Richland County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 2C describes.

For the years ended December 31, 2007 and 2006, the Library revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2008, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Marvin Memorial Library  
Richland County  
Independent Accountants' Report  
Page 2

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

*KNOX & KNOX*

Orrville, Ohio  
November 21, 2008

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2007 AND 2006  
UNAUDITED**

This discussion and analysis of Marvin Memorial Library's financial performance provides an overall review of the Library's financial activities for the fiscal years ended December 31, 2007 and 2006, within the limitations of the cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

**HIGHLIGHTS**

Key highlights for 2007 are as follows:

- Net assets of governmental activities increased \$69,704 or 4.49percent, a significant change from the prior year. The General Fund realized most of the increase which in part came from the increase in interest rates and donations.
- The Library's general receipts come primarily from the Library and Local Government Support Fund (LLGSF). These receipts represent 91.10percent of the total cash received for Library activities during the year.

Key highlights for 2006 are as follows:

- Net assets of governmental activities increased \$225,975 or 17.04 percent, a significant change from the prior year. The General Fund realized the increase which in part came from the increase in interest rates and donations.
- The Library's general receipts come primarily from the Library and Local Government Support Fund. These receipts accounted for 89.10 percent of the total cash received for Library activities during the year.

**USING THE BASIC FINANCIAL STATEMENTS**

The annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2007 AND 2006  
UNAUDITED**

Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**REPORTING THE LIBRARY AS A WHOLE**

The statements of net assets and the statement of activities reflect how the Library did financially during 2007 and 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating.

In the statement of net assets and the statement of activities, we divide the Library into one type of activities:

Governmental activities. All of the Library's basic services are reported here. State grants finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**REPORTING THE LIBRARY'S MOST SIGNIFICANT FUNDS**

Fund financial statements provide detailed information about the Library's major funds—not the Government as a whole.

Governmental Funds - All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2007 AND 2006  
UNAUDITED**

**THE LIBRARY AS A WHOLE**

Table 1 provides a summary of the Library's net assets for 2007 and 2006 on a cash basis:

(Table 1)  
**Net Assets**

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	<u>\$1,621,442</u>	<u>\$1,551,738</u>
Total Assets	<u><u>\$1,621,442</u></u>	<u><u>\$1,551,738</u></u>
<b>NET ASSETS</b>		
Unrestricted	<u>\$1,621,442</u>	<u>\$1,551,738</u>
Total Net Assets	<u><u>\$1,621,442</u></u>	<u><u>\$1,551,738</u></u>

Net assets of governmental activities increased \$69,704 or 4.49 percent during 2007. The primary reasons contributing to the increases in cash balances are as follows:

- The Library's approach to spending was conservative as related to the unknown financial funding from the state.

Net assets of governmental activities increased \$225,795 or 17.02 percent during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- The Library's approach to spending was conservative as related to the unknown financial funding from the state.

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2007 AND 2006  
UNAUDITED**

Table 2 reflects the changes in nets assets in 2007 and 2006.

(Table 2)  
**Changes in Net Assets**

	Governmental Activities	
	2007	2006
RECEIPTS:		
Program Receipts:		
Charges for Services	\$23,575	\$24,017
Total Program Receipts	23,575	24,017
General Receipts:		
Unrestricted Gifts and Contributions	4,531	155,106
Grants and Entitlements Not Restricted to Specific Programs	540,152	540,289
Earnings on Investments	90,487	53,091
Miscellaneous	655	18,288
Total General Receipts	635,825	766,774
Total Receipts	659,400	790,791
DISBURSEMENTS:		
Library Services	574,049	538,470
Capital Outlay	15,647	26,526
Total Disbursements	589,696	564,996
EXCESS (DEFICIENCY)	69,704	225,795
Net Assets, January 1	1,551,738	1,325,943
NET ASSETS, DECEMBER 31	\$1,621,442	\$1,551,738

In 2007, program receipts represent only 3.57 percent of total receipts..

In 2007, general receipts represent 76.43 percent of the Library's total receipts, and of this amount, State grants and entitlements make up the balance of the Library's general receipts (88 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

In 2006, program receipts represent only 3.03 percent of total receipts.

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2007 AND 2006  
UNAUDITED**

In 2006, general receipts represent 96.97 percent of the Library's total receipts, and of this amount, State grants and entitlements make up the balance of the Library's general receipts (89 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

In 2007 and 2006 disbursements for General Government represent the overhead costs of running the Library and the support services provided for the other Library activities. These include costs of the salaries, purchase of books and supplies and utility and maintenance costs of the Library.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements are for Library activities. General government also represents a significant cost. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(TABLE 3)  
**Governmental Activities**

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government				
Library Services	\$574,049	\$557,622	\$538,470	\$519,623
Capital Outlay	15,647	15,647	26,526	26,526
Total Expenses	\$589,696	\$573,269	\$564,996	\$546,149

The dependence on Library and Local Government receipts is apparent as over 97 percent of governmental activities are supported through these general receipts, in both 2006 and 2005.

**THE LIBRARY'S FUNDS**

In 2007, total governmental funds had receipts of \$659,400 and disbursements of \$589,696. The General Fund increased because of rising interest rates on investments and conservative spending.

In 2006, total governmental funds had receipts of \$790,791 and disbursements of \$564,996. The General Fund increased because of rising interest rates on investments, contributions, and conservative spending.

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2007 AND 2006  
UNAUDITED**

**GENERAL FUND BUDGETING HIGHLIGHTS**

The Library's budget is prepared according to Ohio law and based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The Library did not budget all monies that were thought to be available by the County Auditor because of the uncertainty of State funding.

In 2007, final disbursements for the general fund were budgeted at \$690,023 while actual disbursements were \$563,803.

In 2006, final disbursements for the general fund were budgeted at \$637,856 while actual disbursements were \$564,996.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Library does not currently keep track of its capital assets and infrastructure.

**Debt**

At December 31, 2007 and 2006, the Library had no debt.

**CURRENT ISSUES**

The challenge for all Libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely solely on Library and Local Fund for support and work to conserve funds for the times at which Local Government Fund might not be available.

**CONTACTING THE LIBRARY'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jeannette Brown, Clerk-Treasurer, Marvin Memorial Library, 29 West Whitney Avenue, Shelby, Ohio 44875.

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,621,442</u>
Total Assets	<u><u>\$1,621,442</u></u>
<b>Net Assets</b>	
Unrestricted	<u>\$1,621,442</u>
Total Net Assets	<u><u>\$1,621,442</u></u>

See accompanying notes to the basic financial statements.

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Cash <u>Disbursements</u>	<u>Program Receipts</u> Charges for Services and Sales	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>  <u>Governmental Activities</u>
<b>GOVERNMENTAL ACTIVITIES</b>			
Library Services	\$574,049	\$23,575	(\$550,474)
Capital Outlay	<u>15,647</u>	<u>          </u>	<u>(\$15,647)</u>
Total Governmental Activities	<u><u>589,696</u></u>	<u><u>23,575</u></u>	<u><u>(566,121)</u></u>
 <b>GENERAL RECEIPTS</b>			
Unrestricted Gifts and Contribution			4,531
Grants Entitlements not Restricted to Specific Programs			540,152
Earnings on investments			90,487
Sale of Fixed Assets			<u>655</u>
Total General Receipts			<u>635,825</u>
Change in Net Assets			69,704
Net Assets Beginning of Year			<u>1,551,738</u>
Net Assets End of Year			<u><u>\$1,621,442</u></u>

See accompanying notes to the basic financial statements.

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>ASSETS</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,621,442</u>
 Total Assets	 <u><u>\$1,621,442</u></u>
 <b>FUND BALANCES</b>	
Unreserved:	
Undesignated (Deficit), Reported in:	
General Fund	\$546,050
Other Governmental Funds	<u>1,075,392</u>
 Total Fund Balances	 <u><u>\$1,621,442</u></u>

See accompanying notes to the basic financial statements.

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN CASH BASIS FUND BALANCES, GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General	Other Governmental Funds	Total (Memorandum Only)
<b>RECEIPTS:</b>			
Library and Local Government Support	\$540,152		\$540,152
Patron Fines and Fees	23,575		23,575
Contributions, Gifts, and Donations	3,997	534	4,531
Earnings on investments	24,492	65,995	90,487
Miscellaneous	655		655
Total Receipts	592,871	66,529	659,400
<b>DISBURSEMENTS:</b>			
Current:			
Library Services	554,093	19,956	574,049
Capital Outlay	9,710	5,937	15,647
Total Disbursements	563,803	25,893	589,696
Excess Receipts Over/(Under) Disbursements	29,068	40,636	69,704
Fund Balances Beginning of Year	516,982	1,034,756	1,551,738
<b>FUND BALANCES END OF YEAR</b>	<b>\$546,050</b>	<b>\$1,075,392</b>	<b>\$1,621,442</b>

See accompanying notes to the basic financial statements.

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budget Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>RECEIPTS:</b>				
Library and Local Government Support	\$541,651	\$541,651	\$540,152	(\$1,499)
Patron, Fines and fees	22,600	22,600	23,575	975
Contributions, Gifts and Donations	12,320	12,320	3,997	(8,323)
Earnings on Investments	36,000	36,000	24,492	(11,508)
Miscellaneous	850	850	655	(195)
Total Receipts	<u>613,421</u>	<u>613,421</u>	<u>592,871</u>	<u>(20,550)</u>
<b>DISBURSEMENTS:</b>				
Current:				
Library Services	677,523	677,523	554,093	123,430
Capital Outlay	12,500	12,500	9,710	2,790
Total Disbursements	<u>690,023</u>	<u>690,023</u>	<u>563,803</u>	<u>126,220</u>
Excess of Receipts Over/(Under) Disbursements	(76,602)	(76,602)	29,068	105,670
Unencumbered Cash Balance Beginning of Year	<u>516,982</u>	<u>516,982</u>	<u>516,982</u>	<u></u>
<b>UNENCUMBERED CASH END OF YEAR</b>	<u><u>\$440,380</u></u>	<u><u>\$440,380</u></u>	<u><u>\$546,050</u></u>	<u><u>\$105,670</u></u>

See accompanying notes to the basic financial statements.

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

<b>ASSETS</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,551,738</u>
Total Assets	<u><u>\$1,551,738</u></u>
<b>FUND BALANCES</b>	
Unreserved:	
Undesignated (Deficit), Reported in:	
General Fund	\$516,982
Other Governmental Funds	<u>1,034,756</u>
Total Fund Balances	<u><u>\$1,551,738</u></u>

See accompanying notes to the basic financial statements.

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Cash Disbursements</u>	<u>Program Receipts Charges for Services and Sales</u>	<u>Net (Disbursements Receipts and Changes in Net Assets Governmental Activities</u>
<b>GOVERNMENTAL ACTIVITIES</b>			
Library Services	\$538,470	\$24,017	(\$514,453)
Capital Outlay	<u>26,526</u>		<u>(26,526)</u>
Total Governmental Activities	<u><u>564,996</u></u>	<u><u>24,017</u></u>	<u><u>(540,979)</u></u>
<b>GENERAL RECEIPTS</b>			
Unrestricted Gifts and Contribution			155,106
Grants Entitlements not Restricted to Specific Programs			540,289
Earnings on investments			53,091
Sale of Fixed Assets			2,000
Miscellaneous			<u>16,288</u>
Total General Receipts			<u>766,774</u>
Change in Net Assets			225,795
Net Assets Beginning of Year			<u>1,325,943</u>
Net Assets End of Year			<u><u>\$1,551,738</u></u>

See accompanying notes to the basic financial statements.

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2006**

<b>ASSETS</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,551,738</u>
Total Assets	<u><u>\$1,551,738</u></u>
<b>FUND BALANCES</b>	
Unreserved:	
Undesignated (Deficit), Reported in:	
General Fund	\$516,982
Other Governmental Funds	<u>1,034,756</u>
Total Fund Balances	<u><u>\$1,551,738</u></u>

See accompanying notes to the basic financial statements.

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN CASH BASIS FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total (Memorandum Only)</u>
<b>RECEIPTS:</b>			
Library and Local Government Support	\$540,289		\$540,289
Patron Fines and Fees	24,017		24,017
Contributions, Gifts, and Donations	234	154,872	155,106
Earnings on investments	23,516	29,575	53,091
Sale of Fixed Assets	2,000		2,000
Miscellaneous	16,288		16,288
	<u>606,344</u>	<u>184,447</u>	<u>790,791</u>
<b>DISBURSEMENTS:</b>			
Current:			
Library Services	538,470		538,470
Capital Outlay	26,526		26,526
	<u>564,996</u>	<u>                    </u>	<u>564,996</u>
Excess Receipts Over/(Under) Disbursements	41,348	184,447	225,795
Fund Balances Beginning of Year	<u>475,634</u>	<u>850,309</u>	<u>1,325,943</u>
<b>FUND BALANCES END OF YEAR</b>	<u><u>\$516,982</u></u>	<u><u>\$1,034,756</u></u>	<u><u>\$1,551,738</u></u>

See accompanying notes to the basic financial statements.

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Library and Local Government Support	\$540,000	\$540,000	\$540,289	\$289
Patron, Fines and fees	21,450	21,450	24,017	2,567
Contributions, Gifts and Donations	3,700	3,700	234	(3,466)
Earnings on Investments	23,000	23,000	23,516	516
Miscellaneous	850	850	18,288	17,438
<b>Total Receipts</b>	<u>589,000</u>	<u>589,000</u>	<u>606,344</u>	<u>17,344</u>
Disbursements:				
Current:				
Library Services	606,756	606,756	538,470	68,286
Capital Outlay	31,100	31,100	26,526	4,574
<b>Total Disbursements</b>	<u>637,856</u>	<u>637,856</u>	<u>564,996</u>	<u>72,860</u>
Excess of Receipts Over/(Under) Disbursements	<u>(48,856)</u>	<u>(48,856)</u>	<u>41,348</u>	<u>90,204</u>
Unencumbered Cash Balance Beginning of Year	475,634	475,634	475,634	
Prior Year Encumbrances Appropriated	<u>10,599</u>	<u>10,599</u>		<u>(10,599)</u>
<b>UNENCUMBERED CASH END OF YEAR</b>	<u><u>\$437,377</u></u>	<u><u>\$437,377</u></u>	<u><u>\$516,982</u></u>	<u><u>\$79,605</u></u>

See accompanying notes to the basic financial statements.

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**1. DESCRIPTION OF THE LIBRARY AND REPORTING ENTITY**

Marvin Memorial Library, Richland County, Ohio (the Library) was organized as a school district public library in 1925 under the laws of the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Clerk-Treasurer.

The Library is fiscally independent of the Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Board of Education.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," The Library is considered to be a related organization of the School District.

The Library has no component units.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements of the Marvin Memorial Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The most significant of the Library's accounting policies are described below.

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**A. BASIS OF PRESENTATION**

The Library's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**1. Government-Wide Financial Statements**

The statement of assets and the statement of activities display information about the Library as a whole. The Library has no business-type activities, fiduciary funds or internal service funds.

The statement of net assets presents the cash balance of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Library's general receipts.

**2. Fund Financial Statements**

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

**B. FUND ACCOUNTING**

The Library uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Library are all classified as governmental.

**1. Governmental Funds**

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used.

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

*General Fund* -The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Permanent Improvement Fund* - The use of the Permanent Improvement Fund shall be limited to major planned expenditures or emergency repair expenditures, each of which shall be individually submitted to the board for approval. In December of each year or at such other times as it may desire, the Board may transfer unexpended General Fund moneys to the Permanent Improvement Fund.

*Endowment Fund* - The Endowment Fund accounts for donations received from the public. The use of the Endowment Fund shall be limited to technology, professional services and capital outlay.

*Kerr Memorial Fund* - The use of the Kerr Memorial Fund shall be limited to an annual subscription to the Wall Street Journal, for the purchase of mystery books and astronomy materials and for equipment and supplies for the children's department.

*Wood Memorial Fund* - The use of the Wood Memorial Fund shall be limited to landscaping, furniture and audio visual materials.

*William's Memorial Fund* - William's Memorial Fund accounts for dividends received from the donated common stock and interest received from certificates of deposit. The use of the William's Memorial Fund shall be limited to the purchase of reference materials and selected works in the fields of scientific development and invention, including audio visuals, electronic media and new technologies.

**C. BASIS OF ACCOUNTING**

The Library's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and related expenses) are not recorded in these financial statements

**D. BUDGETARY PROCESS**

All funds, are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

fund and character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Clerk-Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

**E. CASH AND CASH EQUIVALENTS**

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts (contra revenue), respectively.

During 2007 and 2006 investments were limited to STAR Ohio and nonnegotiable certificates of deposit. Except for money market fund and STAR Ohio these investments are recorded at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Star Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007 and 2006.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund during 2007 was \$24,492 and during 2006 was \$23,516.

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

F. CAPITAL ASSETS

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

G. ACCUMULATED LEAVE

In certain circumstances such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's cash basis of accounting.

**3. CHANGES IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY**

In 2005 the Library reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. In 2007 and 2006 the Library has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

**4. ACCOUNTABILITY AND COMPLIANCE**

A. ACCOUNTABILITY

The Library has no fund balance deficits.

B. COMPLIANCE

The Library is compliant with all finance-related legal or contractual provisions.

**5. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis).

**6. DEPOSITS AND INVESTMENTS**

Monies held by the Library are classified by the State statute into three categories.

Active deposits are public deposits necessary to meet current demands upon the Library treasury. Such monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**6. DEPOSITS AND INVESTMENTS** (continued)

Inactive deposits are public deposits that the Library has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged to the Library by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**6. DEPOSITS AND INVESTMENTS** (continued)

date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end in 2007 and 2006, the Library had \$100 (petty cash) in undeposited cash on hand, which is included as part of Equity in Pooled Cash and Cash Equivalents on the balance sheet.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements.

At year end 2007, the carrying amount of the Library's deposits was \$360,253 and the bank balance was \$387,463.

At December 31, 2007 of the bank balance \$100,515 was covered by federal depository insurance and \$286,948 was uninsured, but collateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Library to a successful claim by the FDIC.

At December 31, 2006 of the bank balance \$100,000 was covered by the federal depository insurance and \$189,988 was uninsured but collateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Library to a successful claim by the FDIC.

The Library's investments are required to be categorized to give an indication of the level of risk assumed by the Library at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Library or its agent in the Library's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the Library's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the Library's name. The money market mutual fund and STAR Ohio are unclassified investments since they are not evidenced by securities that exist in physical or book-entry form.

	<u>2007</u>	<u>2006</u>
	<u>Category 1</u>	<u>Category 2</u>
STAR Ohio	<u>\$498,113</u>	<u>\$196,760</u>
Total Investments	<u>\$498,113</u>	<u>\$196,760</u>

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**6. DEPOSITS AND INVESTMENTS** (continued)

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements." The Library maintains a cash and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u>2007</u>	<u>2006</u>
Demand deposits	\$387,463	\$289,980
Certificates of deposit	761,076	1,090,305
Total deposits	<u>1,148,539</u>	<u>1,380,285</u>
STAR Ohio	498,113	196,760
Total deposits and investments	1,646,652	1,577,045
Less outstanding checks	<u>(\$25,210)</u>	<u>(\$25,307)</u>
Total	<u>\$1,621,442</u>	<u>\$1,551,738</u>

Deposits: Deposits are insured by Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Library; or collateralized by the financial institution's public entity deposit pool.

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

**7. PROPERTY TAXES**

The Library collects no property tax.

**8. RISK MANAGEMENT**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006 and 2005 the Library contracted with several companies for various types of insurance coverages as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>
Ohio Casualty Insurance	Commercial Property	\$1,766,753
	General Liability	\$1,000,000
	Commercial Crime	\$1,000,000
	Inland Marine	\$30,000
	Vehicle	\$1,000,000
	France and Associates	Errors and Omissions
Ohio Casualty Group	Library Officials	\$5,000
	Fidelity and Deposit	

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**8. RISK MANAGEMENT** (continued)

A. ACCOUNTABILITY

June 2007, the library was scammed \$9,518 through electronic transfer of payroll. It was deducted out of the General Fund. In July 2007 the Library was able to recover \$5,000 from Ohio Casualty Insurance Company making the loss \$4,518.

B. COMPLIANCE

None

The Library pays the State Workers' Compensation a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**9. DEFINED BENEFIT PENSION PLANS**

The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multi-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus and investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor, and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$36,796, \$34,243, and \$34,543 respectively; the full amount has been contributed for 2007, 2006, and 2005. Contributions to the member-directed plan for 2007 were \$21,536 made by the Library and \$36,796 made by the plan members.

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**8. POSTEMPLOYMENT BENEFITS**

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement healthcare coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Healthcare coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement healthcare coverage. The healthcare coverage provided by the retirement system is considered an Other Postretirement Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement healthcare based on authority granted by State statute. The 2007 employer contribution rate was 13.85 percent of covered payroll.

Benefits are advance funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2007, include rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Healthcare premiums were assumed to increase between 1 and 6 percent annually for the next eight years and 4 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation or investment assets annually.

The number of active contributing participants in the traditional and combined plans was seventeen. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$36,795. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP), with an effective date of January 1, 2007. The HCPP restructures OPERS' healthcare coverage to improve the financial solvency of the fund in response to increasing healthcare costs.

**9. NOTES PAYABLE**

None

**10. DEBT**

The Shelby City School District serves as the taxing authority in a ministerial function, and can issue tax related debt on behalf of the Library. The determination to request approval of a tax levy, the rate and the purpose are discretionary decisions made solely by the Library Board of Trustees. The Library has no debt.

Marvin Memorial Library has no levies.

**MARVIN MEMORIAL LIBRARY  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**11. LEASES**

Only one leased item is the Richol copier.

The Library leases equipment under noncancellable leases. The Library disbursed \$5,006 to pay lease costs for the year ended December 31, 2007. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2008	\$5,006
2009	5,006
2010	<u>5,006</u>
	<u>\$15,018</u>

**12. INTERFUND TRANSFERS**

There were no interfund transfers.

This page is intentionally left blank.

# KNOX & KNOX

---

Accountants and Consultants

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
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 financial statements of the governmental activities, and major fund of Marvin Memorial Library, Richland County, Ohio (the Library), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated November 21, 2008 wherein we noted the Library uses a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Library's internal control over financial reporting as basis for designing our audit procedures in order to express our opinions on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we reported a matter in an separate letter to management dated November 24, 2008.

COMPLIANCE AND OTHER MATTERS

As part of reasonably assuring whether the Library's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. We intend it for no one other than these specified parties.

*KNOX & KNOX*

Orrville, Ohio  
November 24, 2008



**Mary Taylor, CPA**  
Auditor of State

**MARVIN MEMORIAL 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  
JANUARY 20, 2009**