

**MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2009 - 2008

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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, 2008 through December 31, 2009. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 16, 2010

MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY

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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 Marvin Memorial Library, Richland County, Ohio, (the Library) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Marvin Memorial Library, Richland County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the basis of accounting Note 1 describes.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2010, 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 *Governmental Auditing Standards*. You should read in conjunction with this report in assessing the results audit.

Knox & Knox

Orrville, Ohio
August 15, 2010

MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY

STATEMENT OF SUPPORT AND RECEIPTS, DISBURSEMENTS, AND
CHANGES IN NET ASSETS - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
CASH RECEIPTS:				
Public Library	\$452,691			\$452,691
Intergovernmental	3,900			3,900
Patron Fines and Fees	24,979			24,979
Contributions, Gifts and Donations	8,722	\$5,060		13,782
Earnings on Investments	18,543	\$24,459	\$6,146	49,148
Miscellaneous	2,255			2,255
Total Cash Receipts	<u>511,090</u>	<u>29,519</u>	<u>6,146</u>	<u>546,755</u>
CASH DISBURSEMENTS:				
Current:				
Salaries	257,438			257,438
Employee Fringe Benefits	122,140			122,140
Purchased and Contracted Services	97,187	450	46,800	144,437
Library Materials and Information	73,223	12,214		85,437
Supplies	16,224	130		16,354
Other Objects	565			565
Capital Outlay	3,490	8,413	52,314	64,217
Debt Services:				
Interest/Other Fiscal Charges	325			325
Total Cash Disbursements	<u>570,592</u>	<u>21,207</u>	<u>99,114</u>	<u>690,913</u>
Total Receipts Over/(Under) Disbursements	<u>(59,502)</u>	<u>8,312</u>	<u>(92,968)</u>	<u>(144,158)</u>
OTHER FINANCING RECEIPTS/DISBURSEMENTS)				
Other Financing Sources		1,609		1,609
Other Financing Uses	(440)			(440)
Total Other Financing Receipts/(Disbursements)	<u>(440)</u>	<u>1,609</u>		<u>1,169</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(59,942)</u>	<u>9,921</u>	<u>(92,968)</u>	<u>(142,989)</u>
Fund Cash Balances, January 1	<u>218,140</u>	<u>463,418</u>	<u>961,053</u>	<u>1,642,611</u>
FUND CASH BALANCES, DECEMBER 31	<u>\$158,198</u>	<u>\$473,339</u>	<u>\$868,085</u>	<u>\$1,499,622</u>
Reserve for Encumbrances, December 31	<u>\$3,956</u>		<u>\$269</u>	<u>\$4,225</u>

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

MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY

STATEMENT OF SUPPORT AND RECEIPTS, DISBURSEMENTS, AND
CHANGES IN NET ASSETS - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
CASH RECEIPTS:				
Public Library	\$533,450			\$533,450
Patron Fines and Fees	22,892			22,892
Contributions, Gifts and Donations	4,180	\$930	\$41	5,151
Earnings on Investments	34,725	31,311	33,164	99,200
Miscellaneous	273			273
Total Cash Receipts	<u>595,520</u>	<u>32,241</u>	<u>33,205</u>	<u>660,966</u>
CASH DISBURSEMENTS:				
Current:				
Salaries	268,922			268,922
Employee Fringe Benefits	118,742			118,742
Purchased and Contracted Services	99,656	694	3,255	103,605
Library Materials and Information	98,787	14,399		113,186
Supplies	19,132			19,132
Other Objects	895			895
Capital Outlay	16,966			16,966
Debt Services:				
Interest/Other Fiscal Charges	475			475
Total Cash Disbursements	<u>623,575</u>	<u>15,093</u>	<u>3,255</u>	<u>641,923</u>
Total Receipts Over/(Under) Disbursements	<u>(28,055)</u>	<u>17,148</u>	<u>29,950</u>	<u>19,043</u>
OTHER FINANCING RECEIPTS/DISBURSEMENTS)				
Special Item		2,000		2,000
Transfers In			300,000	300,000
Transfers Out	(300,000)			(300,000)
Other Financing Uses		(2)	(18)	(20)
Sale of Fixed Assets	146			146
Total Other Financing Receipts (Disbursements)	<u>(299,854)</u>	<u>1,998</u>	<u>299,982</u>	<u>2,126</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing	<u>(327,909)</u>	<u>19,146</u>	<u>329,932</u>	<u>21,169</u>
Fund Cash Balances, January 1	<u>546,049</u>	<u>444,271</u>	<u>631,122</u>	<u>1,621,442</u>
FUND CASH BALANCES, DECEMBER 31	<u>\$218,140</u>	<u>\$463,417</u>	<u>\$961,054</u>	<u>\$1,642,611</u>
Reserve for Encumbrances, December 31	<u>\$1,980</u>			<u>\$1,980</u>

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

MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **DESCRIPTION OF THE ENTITY**

Marvin Memorial Library, Richland County, (the Library) was organized as a school district public library in 1925 under the laws of the State of Ohio. The constitution and laws of the State of Ohio establish the rights and privileges of the Library as a body corporate and politic. The Board of Education appoints a seven-member Board of Trustees to govern the Library. Trustee terms are seven years and trustees serve without compensation. The Library provides the community with various educational and literary resources.

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. There is no potential for the Library to provide a financial benefit or impose a financial burden on the Board of Education.

Under the provisions of Statement No. 14 of the Government Accounting Standards Board, "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.

B. **ACCOUNTING BASIS**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. The basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits..

C. **DEPOSITS AND INVESTMENTS**

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. The basis records gains or losses at the time of sale as receipts and disbursements, respectively.

The Library values U.S. Treasury notes and common stock at fair value when donated. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report

MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

D. FUND ACCOUNTING

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its fund 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 account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Funds:

Endowment Fund - The Endowment Fund accounts for donations received from the public. The use of the Endowment Fund is 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 purpose 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.

3. Capital Projects Fund

This fund is used to account for receipts restricted to acquiring or constructing major capital projects (except those financed through trust funds). The Library had the following Capital Projects Fund:

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.

MARVIN MEMORIAL LIBRARY
 RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

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

E. **BUDGETARY PROCESS**

The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures, that is, disbursements and encumbrances, may not exceed appropriations at the fund, function, and object level of control

F. **PROPERTY, PLANT AND EQUIPMENT**

Acquisitions of equipment are recorded as capital outlay disbursements when paid. The accompanying financial statements do not report these items as assets.

G. **ACCUMULATED LEAVE**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. **EQUITY IN POOLED CASH AND INVESTMENTS**

The Library maintains cash in segregated accounts for each fund. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2009</u>	<u>2008</u>
Demand deposits	\$401,055	\$306,705
Certificates of deposit	814,673	163,000
Total deposits	<u>1,215,728</u>	<u>469,705</u>
STAR Ohio	235,058	1,124,070
Common stock (at cost)	48,836	48,836
Total investments	<u>283,894</u>	<u>1,172,906</u>
Total deposits and investments	<u>\$1,499,622</u>	<u>\$1,642,611</u>

Deposits are insured by the 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 A financial institution's trust department holds the Library's equity securities in book entry form in the Library's name.

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

MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 2009 and 2008, follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$548,000	\$511,090	(\$36,910)
Special Revenue	28,550	31,128	2,578
Capital Projects	10,000	6,146	(3,854)
Total	<u>\$586,550</u>	<u>\$548,364</u>	<u>(\$38,186)</u>

2009 Budgeted vs Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$733,140	\$574,988	\$158,152
Special Revenue	63,500	21,207	42,293
Capital Projects	810,000	99,114	710,886
Total	<u>\$1,606,640</u>	<u>\$695,309</u>	<u>\$911,331</u>

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$623,950	\$595,666	(28,284)
Special Revenue	31,900	34,241	2,891
Capital Projects	30,000	333,205	303,205
Total	<u>\$685,300</u>	<u>\$963,112</u>	<u>\$277,812</u>

2008 Budgeted vs Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,046,888	\$925,555	\$121,333
Special Revenue	33,900	15,093	18,807
Capital Projects	51,000	3,255	47,745
Total	<u>\$1,131,788</u>	<u>\$943,903</u>	<u>\$187,885</u>

MARVIN MEMORIAL LIBRARY
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

4. GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF 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.

The Library collects no property tax.

5. 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.

6. RETIREMENT SYSTEM

The Library's employees belong to the Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include post-retirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, members contributed 10% of their gross salaries and the Library contributed an amount equal to 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2009.

7. RISK MANAGEMENT

The Library is a member of Ohio Plan Risk Management, Inc. (the Pool). The Pool assumes the risk of loss up to the limits of Marvin Memorial Library's policy. The Pool covers the following risks:

- General liability and casualty;
- Public officials' liability; and
- Vehicle.

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2009</u>	<u>2008</u>
Cash and investments	\$11,176,000	\$9,709,000
Actuarial liabilities	4,852,000	4,612,000

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 each major fund of Marvin Memorial Library, Richland County, Ohio, (the Library) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated August 15, 2010. We noted that the Library keeps its records as prescribed by the Auditor of State. 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 for the purpose of opining 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of control deficiencies, resulting in more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies 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.

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 we must report under *Government Auditing Standards*.

Marvin Memorial Library
Richland County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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We did note certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated August 15, 2010.

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

KNOX & KNOX

Orrville, Ohio
August 15, 2010



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
SEPTEMBER 28, 2010**