



**Auditor of State
Betty Montgomery**

**MT. GILEAD PUBLIC LIBRARY
MORROW COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Mt. Gilead Public Library
Morrow County
41 East High Street
Mt. Gilead, Ohio 43338

To the Board of Trustees:

We have audited the accompanying financial statements of the Mt. Gilead Public Library, Morrow County, Ohio, (the Library) as of and for the years ended December 31, 2002 and December 31, 2001. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principals generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Mt. Gilead Public Library, Morrow County, Ohio as of December 31, 2002 and December 31, 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2003, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of 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

April 18, 2003

**MT. GILEAD PUBLIC LIBRARY
MORROW COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Government Grants-In-Aid	\$308,958	\$0	\$0	\$308,958
Patron Fines and Fees	10,948	0	0	10,948
Earnings on Investments	16,985	11,970	159	29,114
Contributions, Gifts and Donations	3,261	0	170	3,431
Miscellaneous Receipts	4,548	0	0	4,548
Total Cash Receipts	<u>344,700</u>	<u>11,970</u>	<u>329</u>	<u>356,999</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	137,831	0	0	137,831
Purchased and Contracted Services	65,417	0	0	65,417
Other Objects	67,802	0	0	67,802
Capital Outlay	4,954	31,896	418	37,268
Total Cash Disbursements	<u>276,004</u>	<u>31,896</u>	<u>418</u>	<u>308,318</u>
Total Cash Receipts Over/(Under) Cash Disbursements	68,696	(19,926)	(89)	48,681
Fund Cash Balances, January 1	<u>600,742</u>	<u>325,109</u>	<u>8,516</u>	<u>934,367</u>
Fund Cash Balances, December 31	<u>\$669,438</u>	<u>\$305,183</u>	<u>\$8,427</u>	<u>\$983,048</u>

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

**MT. GILEAD PUBLIC LIBRARY
MORROW COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Government Grants-In-Aid	\$334,241	\$0	\$0	\$334,241
Patron Fines and Fees	10,390	0	0	10,390
Earnings on Investments	33,695	18,897	329	52,921
Contributions, Gifts and Donations	17,979	0	15	17,994
Miscellaneous Receipts	8,490	0	0	8,490
	<u>404,795</u>	<u>18,897</u>	<u>344</u>	<u>424,036</u>
Total Cash Receipts				
	404,795	18,897	344	424,036
Cash Disbursements:				
Current:				
Salaries and Benefits	137,969	0	0	137,969
Purchased and Contracted Services	62,884	0	0	62,884
Other Objects	70,841	0	0	70,841
Debt Service:				
Interest Payments and Other Financing Fees and Costs	28,252	0	0	28,252
Capital Outlay	2,579	24,783	501	27,863
	<u>302,525</u>	<u>24,783</u>	<u>501</u>	<u>327,809</u>
Total Cash Disbursements				
	302,525	24,783	501	327,809
Total Cash Receipts Over/(Under) Cash Disbursements	<u>102,270</u>	<u>(5,886)</u>	<u>(157)</u>	<u>96,227</u>
	102,270	(5,886)	(157)	96,227
Other Financing Receipts/(Disbursements):				
Transfers-In	0	0	115	115
Transfers-Out	(115)	0	0	(115)
	<u>(115)</u>	<u>0</u>	<u>115</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
	(115)	0	115	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>102,155</u>	<u>(5,886)</u>	<u>(42)</u>	<u>96,227</u>
	102,155	(5,886)	(42)	96,227
Fund Cash Balances, January 1	<u>498,587</u>	<u>330,995</u>	<u>8,558</u>	<u>838,140</u>
	498,587	330,995	8,558	838,140
Fund Cash Balances, December 31	<u><u>\$600,742</u></u>	<u><u>\$325,109</u></u>	<u><u>\$8,516</u></u>	<u><u>\$934,367</u></u>
	\$600,742	\$325,109	\$8,516	\$934,367

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

**MT. GILEAD PUBLIC LIBRARY
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Mt. Gilead Public Library, Morrow County, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a nine-member self-appointing Board of Trustees. 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.

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.

Certificates of deposit are valued at cost. 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.

2. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The Library had the following significant capital projects fund:

Building Fund – This fund is used for the maintenance and upkeep associated with the Library building, not related to any construction cost.

**MT. GILEAD PUBLIC LIBRARY
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Fund (Trust Fund)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Library had the following significant fiduciary fund:

Brolier Expendable Trust Fund – This fund receives a portion of the annual interest earned by a trust, as indicated by probated will. The proceeds and principal may be spent on any needs of the Library.

E. Budgetary Process

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

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

	2002	2001
Demand deposits	\$101,479	\$48,946
Certificates of deposit	472,677	451,838
Total deposits	574,156	500,784
STAR Ohio	408,892	433,583
Total deposits and investments	\$983,048	\$934,367

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**MT. GILEAD PUBLIC LIBRARY
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$589,600	\$276,004	\$313,596
Capital Projects	300,000	31,896	268,104
Expendable Trust	8,325	418	7,907
Total	\$897,925	\$308,318	\$589,607

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$579,600	\$302,640	\$276,960
Capital Projects	300,000	24,783	275,217
Expendable Trust	8,326	501	7,825
Total	\$887,926	\$327,924	\$560,002

4. GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives. These funds are reported on the financial statements as Other Governmental Grants-in-Aid.

5. RETIREMENT SYSTEM

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

**MT. GILEAD PUBLIC LIBRARY
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. RETIREMENT SYSTEM (Continued)

Contribution rates are prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Library has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

Commercial Insurance

The Mt. Gilead Public Library has obtained commercial insurance for the following risks:

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

7. BOND LEVY AND LIBRARY CONSTRUCTION

On November 3, 1998, the electorate of the Mt. Gilead Exempted Village School District voted for a .8 mill property tax levy for a new debt issuance. The bond proceeds were used to build a new library facility for the Mt. Gilead Public Library.

On April 29, 1999, the Mt. Gilead Exempted Village School District issued \$1,400,000 in General Obligation Library Improvement Bonds. The School District is fully responsible for making principal and interest payments on the bonded debt from the tax levy proceeds.

The School District is also responsible for the bookkeeping of the transactions. The District let the bids and awarded the contracts. The District made all payments to the contractors. The new library facility was built on the property owned by the Library. The new library facility has been completed.

8. LIBRARY PAYMENT TO THE MT. GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT

On November 7, 2001 the Mt. Gilead Exempted Village School District requested \$28,252 from the Library to aid in the December 1, 2001 principal and interest payment on the Library' building debt owed and payable from School District's tax collections. The School District received insufficient real tax to make this payment. If future estimated tax collections are received, there should be adequate revenue to repay the Library within twelve to twenty-four months. As of the report date, the repayment has not been made or any repayment agreement executed between the parties.



**Auditor of State
Betty Montgomery**

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

Mt. Gilead Public Library
Morrow County
41 East High Street
Mt. Gilead, Ohio 43338

To the Board of Trustees:

We have audited the accompanying financial statements of the Mt. Gilead Public Library, Morrow County, Ohio (the Library) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated April 18, 2003. 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.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

Mt. Gilead Public Library
Morrow County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

April 18, 2003

MT. GILEAD PUBLIC LIBRARY
MORROW COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2000-00659-001	OAC Sect. 117-4-14	No	This code section is no longer applicable to the Library.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

MT. GILEAD PUBLIC LIBRARY

MORROW 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
JUNE 17, 2003**