



**Auditor of State
Betty Montgomery**

WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Wright Memorial Public Library
Montgomery County
1776 Far Hills Avenue
Oakwood, Ohio 45419

To the Board of Trustees:

We have audited the accompanying financial statements of the Wright Memorial Public Library (the Library) as of and for the years ended December 31, 2002 and 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 generally accepted accounting principles.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 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 23, 2003

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$187,679		\$187,679
Other Government Grants-In-Aid	1,491,744		1,491,744
Patron Fines and Fees	61,847		61,847
Earnings on Investments	5,140	16,206	21,346
Contributions, Gifts and Donations	204		204
Miscellaneous Receipts	126,187		126,187
	<u>1,872,801</u>	<u>16,206</u>	<u>1,889,007</u>
Total Cash Receipts			
	<u>1,872,801</u>	<u>16,206</u>	<u>1,889,007</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	1,222,240		1,222,240
Purchased and Contracted Services	209,442		209,442
Other Objects	17,965		17,965
Supplies	55,224		55,224
Library Materials and Information	379,278		379,278
Capital Outlay	68,415	39,329	107,744
	<u>1,952,564</u>	<u>39,329</u>	<u>1,991,893</u>
Total Cash Disbursements			
	<u>1,952,564</u>	<u>39,329</u>	<u>1,991,893</u>
Total Cash Receipts (Under) Cash Disbursements	(79,763)	(23,123)	(102,886)
Fund Cash Balances, January 1	<u>314,294</u>	<u>895,579</u>	<u>1,209,873</u>
Fund Cash Balances, December 31	<u>\$234,531</u>	<u>\$872,456</u>	<u>\$1,106,987</u>
Reserves for Encumbrances, December 31	<u>\$172,839</u>	<u>\$2,783</u>	<u>\$175,622</u>

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

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$187,515		\$187,515
Other Government Grants-In-Aid	1,616,234		1,616,234
Patron Fines and Fees	57,694		57,694
Earnings on Investments	12,734	36,131	48,865
Contributions, Gifts and Donations	100		100
Miscellaneous Receipts	7,024	7,000	14,024
Total Cash Receipts	<u>1,881,301</u>	<u>43,131</u>	<u>1,924,432</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	1,120,174		1,120,174
Purchased and Contracted Services	208,136		208,136
Library Materials and Information	358,771		358,771
Supplies	59,892		59,892
Other	4,880		4,880
Capital Outlay	37,632	33,370	71,002
Total Cash Disbursements	<u>1,789,485</u>	<u>33,370</u>	<u>1,822,855</u>
Total Cash Receipts Over Cash Disbursements	91,816	9,761	101,577
Fund Cash Balances, January 1	<u>222,478</u>	<u>885,818</u>	<u>1,108,296</u>
Fund Cash Balances, December 31	<u>\$314,294</u>	<u>\$895,579</u>	<u>\$1,209,873</u>
Reserves for Encumbrances, December 31	<u>\$196,158</u>	<u>\$15,484</u>	<u>\$211,642</u>

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

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Wright Memorial Public Library, Montgomery 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 the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by Oakwood City School District. The Library provides the community with various educational and literary resources.

The Wright Memorial Public Library Foundation is also associated with the Library. This organization is presented in Note 7 of the financial statements.

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. 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 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.

Repurchase agreement funds are at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 Project 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 enterprise or trust funds). The Library had the following capital project fund:

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Improvement Fund – Consists of revenues derived from Board approved transfers from the general fund and expenditures related to equipment purchases, building and land improvements.

E. Budgetary Process

The Board 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 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	\$24,796	(\$38,924)
Total deposits	24,796	(38,924)
STAR Ohio	937,046	1,170,819
Repurchase agreement	145,145	77,978
Total investments	1,082,191	1,248,797
Total deposits and investments	\$1,106,987	\$1,209,873

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. Repurchase agreement funds are held in book entry form by a financial institution's trust department in the Library's name.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

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

3. BUDGETARY ACTIVITY

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

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,002,350	\$1,872,801	(\$129,549)
Capital Projects	20,000	16,206	(3,794)
Total	\$2,022,350	\$1,889,007	(\$133,343)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,167,165	\$2,125,403	\$41,762
Capital Projects	890,484	42,112	848,372
Total	\$3,057,649	\$2,167,515	\$890,134

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,864,170	\$1,881,301	\$17,131
Capital Projects	0	43,131	43,131
Total	\$1,864,170	\$1,924,432	\$60,262

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,128,372	\$1,985,643	\$142,729
Capital Projects	850,000	48,854	801,146
Total	\$2,978,372	\$2,034,497	\$943,875

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 any additional revenues the Library receives.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

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

4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

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.

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 2001 and from January 1, 2000 through June 30, 2000. The Library has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

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

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

The Library also provides health insurance and dental coverage to full-time employees through a private carrier.

7. RELATED ORGANIZATION

Wright Memorial Public Library Foundation – Wright Memorial Public Library Foundation (the Foundation) is a not-for-profit organization. The organization operates exclusively for the purpose of advancing the goals, objectives and priorities of the Wright Memorial Public Library as established by the Board of Trustees of the Library and to receive, hold, invest and administer property, and to make expenditures to or for the exclusive benefit of the Library selected from priorities established by the Library Board.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

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

7. RELATED ORGANIZATION (Continued)

The Foundation is governed by a five member Board of Trustees consisting of two Library Trustees, the current Library Director and two at-large members. The Foundation Board is a self-perpetuating board. To obtain financial information, write to Antoinette Walder, who serves as the Secretary/Treasurer, at 1776 Far Hills Avenue, Oakwood, Ohio 45419

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**Auditor of State
Betty Montgomery**

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

Wright Memorial Public Library
Montgomery County
1776 Far Hills Avenue
Oakwood, Ohio 45419

To the Board of Trustees:

We have audited the accompanying financial statements of the Wright Memorial Public Library (the Library) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 23, 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated April 23, 2003.

Wright Memorial Public Library
Montgomery County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the audit committee, management and Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

April 23, 2003



**Auditor of State
Betty Montgomery**

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WRIGHT MEMORIAL PUBLIC LIBRARY

MONTGOMERY 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
MAY 8, 2003**