



**Auditor of State
Betty Montgomery**

**RITTER PUBLIC LIBRARY
ERIE COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Ritter Public Library
Erie County
5680 Liberty Avenue
Vermilion, Ohio 44089-1198

To the Board of Trustees:

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

We conducted our audits 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 audits 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 audits provide 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 Library as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2004 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

May 14, 2004

**RITTER PUBLIC LIBRARY
ERIE COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts				
Property and Other Local Taxes	\$ 340,470			\$ 340,470
Other Government Grants-In-Aid	607,895			607,895
Patron Fines and Fees	36,089			36,089
Earnings on Investments	90,478			90,478
Contributions, Gifts and Donations	3,860			3,860
Miscellaneous Receipts	27,389			27,389
	<u>1,106,181</u>			<u>1,106,181</u>
Total Cash Receipts				
Cash Disbursements				
Current:				
Salaries and Benefits	501,639			501,639
Purchased and Contracted Services	191,123			191,123
Library Materials and Information	188,460		\$ 617	189,077
Supplies	20,371			20,371
Other Objects	7,882			7,882
Capital Outlay	14,779	\$ 12,113		26,892
	<u>924,254</u>	<u>12,113</u>	<u>617</u>	<u>936,984</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>181,927</u>	<u>(12,113)</u>	<u>(617)</u>	<u>169,197</u>
Other Financing Receipts/(Disbursements)				
Transfers-In		50,000		50,000
Transfers-Out	(50,000)			(50,000)
	<u>(50,000)</u>	<u>50,000</u>		
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	131,927	37,887	(617)	169,197
Fund Cash Balances, January 1	758,763	1,396,107	44,808	2,199,678
Fund Cash Balances, December 31	<u>\$ 890,690</u>	<u>\$ 1,433,994</u>	<u>\$ 44,191</u>	<u>\$ 2,368,875</u>
Reserves for Encumbrances, December 31	<u>\$ 55,797</u>		<u>\$ 1,640</u>	<u>\$ 57,437</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**RITTER PUBLIC LIBRARY
ERIE COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts				
Property and Other Local Taxes	\$ 278,364			\$ 278,364
Other Government Grants-In-Aid	546,175			546,175
Patron Fines and Fees	33,748			33,748
Earnings on Investments	81,389	\$ 463	\$ 728	82,580
Contributions, Gifts and Donations	2,150			2,150
Miscellaneous Receipts	32,855			32,855
Total Cash Receipts	<u>974,681</u>	<u>463</u>	<u>728</u>	<u>975,872</u>
Cash Disbursements				
Current:				
Salaries and Benefits	478,564			478,564
Purchased and Contracted Services	189,292			189,292
Library Materials and Information	164,767		5,563	170,330
Supplies	26,605			26,605
Other Objects	6,830			6,830
Capital Outlay	37,972	407,134		445,106
Total Cash Disbursements	<u>904,030</u>	<u>407,134</u>	<u>5,563</u>	<u>1,316,727</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>70,651</u>	<u>(406,671)</u>	<u>(4,835)</u>	<u>(340,855)</u>
Other Financing Receipts/(Disbursements)				
Transfers-In		50,000		50,000
Transfers-Out	(50,000)			(50,000)
Total Other Financing Receipts/(Disbursements)	<u>(50,000)</u>	<u>50,000</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>20,651</u>	<u>(356,671)</u>	<u>(4,835)</u>	<u>(340,855)</u>
Fund Cash Balances, January 1	<u>738,112</u>	<u>1,752,778</u>	<u>49,643</u>	<u>2,540,533</u>
Fund Cash Balances, December 31	<u>\$ 758,763</u>	<u>\$ 1,396,107</u>	<u>\$ 44,808</u>	<u>\$ 2,199,678</u>
Reserves for Encumbrances, December 31	<u>\$ 20,787</u>	<u>\$ 3,009</u>		<u>\$ 23,796</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**RITTER PUBLIC LIBRARY
ERIE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ritter Public Library, Erie 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 seven-member Board of Trustees appointed by local board of education. The Library provides the community with various educational and literary resources.

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

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.

Certificates of deposit, U.S. Treasury Notes 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:

**RITTER PUBLIC LIBRARY
ERIE COUNTY**

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

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 Funds

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

Building Fund – Receives transfers from the General Fund. Funds are being accumulated for future expansion of the Library.

3. Fiduciary Funds (Trust and Agency Funds)

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. Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had the following significant fiduciary fund:

Endowment Fund – Funds received through bequests that are restricted for the acquisition of books by the Ritter Public Library.

E. Budgetary Process

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

A summary of 2003 and 2002 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.

**RITTER PUBLIC LIBRARY
ERIE COUNTY**

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	2003	2002
Demand deposits	\$ 33,050	\$ 46,258
Savings account	192,871	137,790
Certificates of deposit	1,231,000	1,252,000
Total deposits	1,456,921	1,436,048
U.S. Treasury Notes	215,978	316,028
STAR Ohio	42,054	51,507
Mutual Funds	653,922	396,095
Total investments	911,954	763,630
Total deposits and investments	\$ 2,368,875	\$ 2,199,678

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

Investments: U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities. Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

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

**RITTER PUBLIC LIBRARY
ERIE COUNTY**

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

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,081,316	\$ 1,030,051	\$ 51,265
Capital Projects	13,269	12,113	1,156
Fiduciary	5,000	2,257	2,743
Total	<u>\$ 1,099,585</u>	<u>\$ 1,044,421</u>	<u>\$ 55,164</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,068,211	\$ 974,817	\$ 93,394
Capital Projects	526,000	410,143	115,857
Fiduciary	7,037	5,563	1,474
Total	<u>\$ 1,601,248</u>	<u>\$ 1,390,523</u>	<u>\$ 210,725</u>

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.

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.

**RITTER PUBLIC LIBRARY
ERIE COUNTY**

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

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. DEBT

In 1992, the Board of Trustees of the Ritter Public Library submitted to the Vermilion Local School District Board of Education a property tax levy to be used for improvements to the Library. The Board of Education serves as the taxing authority and issues tax related debt on behalf of the Library, although their role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Library Trustees.

With approval of the levy, the Board of Education issued District general obligation bonds, in the amount of \$1,600,000 in 1993 for Library improvements. The bonds will be paid from proceeds of the property tax levy. This debt is not an obligation of the Library, however, it is a liability of the Board of Education and is reflected on their financial records.

6. RETIREMENT SYSTEM

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

Contribution rates are prescribed by the Ohio Revised Code. The Library's OPERS members contributed 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries for 2002 and from January 1, 2003 through December 31, 2003. The Library has paid all contributions required through December 1, 2003.

**RITTER PUBLIC LIBRARY
ERIE COUNTY**

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

7. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

Health Insurance

- The Library provides health insurance to all of its' full time professional positions. Full time non-professional positions receive \$200.00 per month toward their monthly premiums. Part time positions receive a prorated portion based on the percentage of a 35-hour week the employee is scheduled to work. Those employees working less than 20 hours are not entitled to Board-contributed health insurance.
- The Library provides \$15,000.00 of Life insurance to all employees working 20 hours or more.

8. RELATED PARTIES

The Ritter Public Library Endowment Fund has been formed as a separate entity of the Ritter Public Library. The Ritter Public Library Board of Trustees maintains no control over the finances of the Endowment Fund. The Endowment fund Trustees are authorized to conduct activities for the Endowment and report their activities to the Library Board of Trustees annually. The mission of the Ritter Pubic Library Endowment Fund is to receive, develop, and administer funds for specific and worthy purposes while providing for the library's future needs, stability and growth.



**Auditor of State
Betty Montgomery**

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

Ritter Public Library
Erie County
5680 Liberty Avenue
Vermilion, Ohio 44089-1198

To the Board of Trustees:

We have audited the accompanying financial statements of the Ritter Public Library, Erie County, (the Library) as of and for the years ended December 31, 2002 and 2003, and have issued our report thereon dated May 14, 2004. We conducted our audits 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 audits 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 audits, 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.

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

May 14, 2004



**Auditor of State
Betty Montgomery**

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RITTER PUBLIC LIBRARY

ERIE 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 22, 2004**