



**Auditor of State
Betty Montgomery**

ST. MARYS COMMUNITY PUBLIC LIBRARY
AUGLAIZE COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

St. Marys Community Public Library
Auglaize County
140 South Chestnut Street
St. Marys, Ohio 45885

To the Board of Trustees:

We have audited the accompanying financial statements of the St. Marys Community Public Library, Auglaize County, (the Library), as of and for the years ended December 31, 2003 and December 31, 2002. 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.

The Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* consider this service to impair the independence of the Auditor of State to conduct the audit of the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permit the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(B) and §115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides a reasonable basis for our opinion.

As described 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 St. Marys Community Public Library, as of December 31, 2003 and December 31, 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 March 1, 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 audit.

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under Section 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

March 1, 2004

**ST. MARYS COMMUNITY PUBLIC LIBRARY
AUGLAIZE 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>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Other Government Grants-In-Aid	\$526,097			\$526,097
Patron Fines and Fees	12,452			12,452
Earnings on Investments	380	\$4	\$1,669	2,053
Contributions, Gifts and Donations	3,200	1,100		4,300
Miscellaneous Receipts	3,237			3,237
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	545,366	1,104	1,669	548,139
Cash Disbursements:				
Current:				
Salaries and Benefits	346,474			346,474
Purchased and Contracted Services	84,881			84,881
Supplies	25,658			25,658
Library Materials and Information	76,424		4,997	81,421
Other Objects	8,435			8,435
Capital Outlay	3,163	69,802		72,965
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	545,035	69,802	4,997	619,834
Total Cash Receipts Over/ (Under) Cash Disbursements	331	(68,698)	(3,328)	(71,695)
Other Financing Receipts/(Disbursements):				
Transfers-In		45,153		45,153
Transfers-Out			(45,153)	(45,153)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)		45,153	(45,153)	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	331	(23,545)	(48,481)	(71,695)
Fund Cash Balances, January 1	55,240	30,916	141,085	227,241
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Fund Cash Balances, December 31	55,571	7,371	92,604	155,546
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Reserves for Encumbrances, December 31	\$14,468	\$0	\$5,088	\$19,556
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The notes to the financial statements are an integral part of this statement.

**ST. MARYS COMMUNITY PUBLIC LIBRARY
AUGLAIZE 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>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Other Government Grants-In-Aid	\$531,729			\$531,729
Patron Fines and Fees	12,065			12,065
Earnings on Investments	1,009	\$1,676	\$3,997	6,682
Contributions, Gifts and Donations	2,215	10,124		12,339
Miscellaneous Receipts	1,769			1,769
	<hr/>			
Total Cash Receipts	548,787	11,800	3,997	564,584
Cash Disbursements:				
Current:				
Salaries and Benefits	364,555			364,555
Purchased and Contracted Services	86,540			86,540
Supplies	25,189			25,189
Library Materials and Information	79,069		24	79,093
Other Objects	9,742			9,742
Capital Outlay	38,172	533,259		571,431
	<hr/>			
Total Cash Disbursements	603,267	533,259	24	1,136,550
	<hr/>			
Total Cash Receipts Over/ (Under) Cash Disbursements	(54,480)	(521,459)	3,973	(571,966)
	<hr/>			
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property	60	3,263		3,323
Transfers-In		63,777	32,028	95,805
Transfers-Out	(55,805)	(25,000)	(15,000)	(95,805)
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Total Other Financing Receipts/(Disbursements)	(55,745)	42,040	17,028	3,323
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Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(110,225)	(479,419)	21,001	(568,643)
	<hr/>			
Fund Cash Balances, January 1	165,465	510,335	120,084	795,884
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Fund Cash Balances, December 31	55,240	30,916	141,085	227,241
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Reserves for Encumbrances, December 31	\$30,498	\$0	\$251	\$30,749
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The notes to the financial statements are an integral part of this statement.

**ST. MARYS COMMUNITY PUBLIC LIBRARY
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The St. Marys Community Public Library, Auglaize 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 a School District Library as defined by Section 3375.14, Ohio Revised Code. The Library is directed by a seven-member Board of Trustees appointed by the St. Marys City School District 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.

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 Project Fund

These funds are 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 significant capital projects fund:

Capital Projects and Building Expansion Fund – these are building funds which receive interest from investments and bond proceeds for the addition to the building and remodeling projects.

**ST. MARYS COMMUNITY PUBLIC LIBRARY
AUGLAIZE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds (Trust 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. The Library had the following significant expendable trust fund:

Sheets Endowment Expendable Trust Fund – this fund began with a donation from the Mary and Joseph Sheets estate and continues to receive interest for the purpose of construction and equipping the new library building.

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, 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.

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:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$46,466	\$86,330
STAR Ohio	109,080	140,911
Total deposits and investments	<u>\$155,546</u>	<u>\$227,241</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

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

**ST. MARYS COMMUNITY PUBLIC LIBRARY
AUGLAIZE COUNTY**

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

3. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$593,458	\$559,503	\$33,955
Capital Projects	72,374	69,802	2,572
Expendable Trust	62,251	55,238	7,013
Total	<u>\$728,083</u>	<u>\$684,543</u>	<u>\$43,540</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$707,363	\$689,570	\$17,793
Capital Projects	536,293	558,259	(21,966)
Expendable Trust	7,322	15,275	(7,953)
Total	<u>\$1,250,978</u>	<u>\$1,263,104</u>	<u>(\$12,126)</u>

4. GRANTS-IN-AID

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.

5. BOND ISSUE

The St. Marys City School District serves as the taxing authority and has issued tax related debt on behalf of the Library. On June 1, 2000, \$999,900 in bonds were issued for the construction of an addition to the existing community library. The bonds were issued for a period of ten years with final maturity on December 1, 2010. The redemption of the bonds is being handled through a Bond Retirement Debt Service Fund by the School District.

6. 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 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries for 2003 and 2002. The Library has paid all contributions required through December 31, 2003.

**ST. MARYS COMMUNITY PUBLIC LIBRARY
AUGLAIZE COUNTY**

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

7. RISK MANAGEMENT

Commercial Insurance

The St. Marys Community Public Library has obtained commercial insurance for the following risks:

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

8. INSURANCE POOLS

A. Workers' Compensation

The Library participates in the Ohio Library Council Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the Library by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating libraries is calculated as one experience and a common premium rate is applied to all libraries in the GRP.

Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. Participation in the GRP is limited to libraries that can meet the GRP's selection criteria. The firm of Gates McDonald and Company provides administrative, cost control and actuarial services to the GRP.

B. Health Benefit Trust

The Mercer Auglaize Employee Benefit Trust (the Trust) is a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and dental benefits to the employees of the participants. Each participant's superintendent is appointed to an Administrative Committee which advises the Trustee, Ohio Bank, concerning aspects of the administration of the Trust.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from James Mauntler; Schmidt, Long, and Associates, Inc., 4159 Holland-Sylvania Road, Suite 103, Toledo, Ohio 43623.



Auditor of State Betty Montgomery

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

St. Marys Community Public Library
Auglaize County
140 South Chestnut Street
St. Marys, Ohio 45885

To the Board of Trustees:

We have audited the financial statements of the St. Marys Community Public Library, Auglaize County, (the Library), as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated March 1, 2004, wherein we noted that the Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* consider this service to impair the independence of the Auditor of State to conduct the audit of the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated March 1, 2004.

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.

**Internal Control Over Financial Reporting
(Continued)**

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 March 1, 2004.

This report is intended for the information and use of the management and Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

March 1, 2004



**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

ST. MARYS COMMUNITY PUBLIC LIBRARY

AUGLAIZE 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
APRIL 22, 2004**