



**Auditor of State
Betty Montgomery**

**ARCHBOLD COMMUNITY LIBRARY
FULTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2001.....	4
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9
Schedule of Prior Audit Findings.....	11

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Archbold Community Library
Fulton County
205 Stryker Street
Archbold, Ohio 43502-1191

To the Board of Trustees:

We have audited the accompanying financial statements of the Archbold Community Library, Fulton County, Ohio (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 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 February 7, 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 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

February 7, 2003

**ARCHBOLD COMMUNITY LIBRARY
FULTON 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	\$72,856		\$72,856
Other Government Grants-In-Aid	286,068		286,068
Patron Fines and Fees	15,075		15,075
Earnings on Investments	5,084	\$3,406	8,490
Contributions, Gifts and Donations	1,885		1,885
Miscellaneous Receipts	2,844		2,844
	<u>383,812</u>	<u>3,406</u>	<u>387,218</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	231,979		231,979
Purchased and Contracted Services	74,826	15,008	89,834
Other Objects	1,201		1,201
Library Materials and Information	50,919		50,919
Supplies	10,043		10,043
Interest Payments and Other Financing Fees and Costs			
Capital Outlay	1,226	76,164	77,390
	<u>370,194</u>	<u>91,172</u>	<u>461,366</u>
Total Cash Disbursements	<u>370,194</u>	<u>91,172</u>	<u>461,366</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>13,618</u>	<u>(87,766)</u>	<u>(74,148)</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>	<u></u>
Total Other Financing Receipts/(Disbursements)	<u>(50,000)</u>	<u>50,000</u>	<u></u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(36,382)	(37,766)	(74,148)
Fund Cash Balances, January 1	<u>75,682</u>	<u>280,581</u>	<u>356,263</u>
Fund Cash Balances, December 31	<u>\$39,300</u>	<u>\$242,815</u>	<u>\$282,115</u>
Reserves for Encumbrances, December 31	<u>\$3,155</u>		<u>\$3,155</u>

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

**ARCHBOLD COMMUNITY LIBRARY
FULTON 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	\$70,402		\$70,402
Other Government Grants-In-Aid	313,354		313,354
Patron Fines and Fees	13,364		13,364
Earnings on Investments	8,711	\$8,012	16,723
Contributions, Gifts and Donations	2,145		2,145
Miscellaneous Receipts	2,392		2,392
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	410,368	8,012	418,380
Cash Disbursements:			
Current:			
Salaries and Benefits	218,203		218,203
Purchased and Contracted Services	72,961		72,961
Other Objects	1,179		1,179
Library Materials and Information	60,169		60,169
Supplies	10,834		10,834
Capital Outlay	3,905	2,897	6,802
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	367,251	2,897	370,148
Total Cash Receipts Over Cash Disbursements	<hr/>	<hr/>	<hr/>
	43,117	5,115	48,232
Other Financing Receipts/(Disbursements):			
Transfers-In		55,000	55,000
Transfers-Out	(55,000)		(55,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(55,000)	55,000	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(11,883)	60,115	48,232
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	87,565	220,466	308,031
Fund Cash Balances, December 31	<hr/> \$75,682 <hr/>	<hr/> \$280,581 <hr/>	<hr/> \$356,263 <hr/>
Reserves for Encumbrances, December 31	<hr/>	<hr/>	<hr/>
	\$856		\$856

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

**ARCHBOLD COMMUNITY LIBRARY
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Archbold Community Library, Fulton County, Ohio (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 the Archbold Area Local 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

Certificates of deposit are valued at cost.

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 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:

Furniture and Equipment Fund – This fund receives private donations and contributions for purchases of furniture and equipment.

**ARCHBOLD COMMUNITY LIBRARY
FULTON COUNTY**

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

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 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. Unpaid Vacation

Employees are entitled to cash payments for unused vacation in certain circumstances, such as upon leaving employment. Unpaid vacation is not reflected as a liability under the basis of accounting used by the Library.

2. EQUITY IN POOLED CASH

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

	2002	2001
Demand deposits	\$132,303	\$256,903
Certificates of deposit	149,652	99,200
Total deposits	281,955	356,103
Cash on Hand	160	160
Total deposits and cash on hand	\$282,115	\$356,263

Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Library, or (3) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

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

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$473,256	\$423,349	\$49,907
Capital Projects	127,200	91,172	36,028
Total	\$600,456	\$514,521	\$85,935

**ARCHBOLD COMMUNITY LIBRARY
FULTON COUNTY**

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

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$499,189	\$423,107	\$76,082
Capital Projects	107,125	2,897	104,228
Total	\$606,314	\$426,004	\$180,310

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.

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 2002. The Library has paid all contributions required through December 31, 2002.

**ARCHBOLD COMMUNITY LIBRARY
FULTON COUNTY**

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

6. RISK MANAGEMENT

The Library belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.



**Auditor of State
Betty Montgomery**

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

Archbold Community Library
Fulton County
205 Stryker Street
Archbold, Ohio 43502-1191

To the Board of Trustees:

We have audited the accompanying financial statements of the Archbold Community Library, Fulton County, Ohio (the Library) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated February 7, 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated February 7, 2003.

This report is intended solely for the information and use of management and the 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

February 7, 2003

**ARCHBOLD COMMUNITY LIBRARY
FULTON COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-00126-001	Ohio Administrative Code § 117-4-07 (C), matching appropriation amounts posted to the accounts to the amounts per the appropriations resolution	Yes	



**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

ARCHBOLD COMMUNITY LIBRARY

FULTON 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
MARCH 18, 2003**