



**Auditor of State
Betty Montgomery**

BLUFFTON PUBLIC LIBRARY
ALLEN COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Bluffton Public Library
Allen County
145 South Main Street
Bluffton, Ohio 45817

To the Board of Trustees:

We have audited the accompanying financial statements of the Bluffton Public Library, Allen County (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 March 13, 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 management, the 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

March 13, 2003

**BLUFFTON PUBLIC LIBRARY
ALLEN 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	\$49,246		\$49,246
Other Government Grants-In-Aid	303,765		303,765
Patron Fines and Fees	6,399		6,399
Earnings on Investments	2,151	\$36,967	39,118
Contributions, Gifts and Donations	4,584	418	5,002
Miscellaneous Receipts	771		771
	<u>366,916</u>	<u>37,385</u>	<u>404,301</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	200,020		200,020
Purchased and Contracted Services	40,657	106,718	147,375
Other Objects	4,263	5,057	9,320
Library Materials and Information	68,589		68,589
Supplies	7,925		7,925
Capital Outlay		459,949	459,949
	<u>321,454</u>	<u>571,724</u>	<u>893,178</u>
Total Cash Disbursements	<u>321,454</u>	<u>571,724</u>	<u>893,178</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>45,462</u>	<u>(534,339)</u>	<u>(488,877)</u>
Other Financing Receipts/(Disbursements):			
Proceeds of Bonds		1,965,000	1,965,000
Sale of Fixed Assets	122		122
Other Financing Uses		(5,382)	(5,382)
	<u>122</u>	<u>1,959,618</u>	<u>1,959,740</u>
Total Other Financing Receipts/(Disbursements)	<u>122</u>	<u>1,959,618</u>	<u>1,959,740</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	45,584	1,425,279	1,470,863
Fund Cash Balances, January 1, 2002	<u>117,241</u>	<u>503,470</u>	<u>620,711</u>
Fund Cash Balances, December 31, 2002	<u><u>162,825</u></u>	<u><u>1,928,749</u></u>	<u><u>2,091,574</u></u>
Reserves for Encumbrances, December 31, 2002	<u><u>\$0</u></u>	<u><u>\$1,054,296</u></u>	<u><u>\$1,054,296</u></u>

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

**BLUFFTON PUBLIC LIBRARY
ALLEN 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	\$51,311		\$51,311
Other Government Grants-In-Aid	310,750		310,750
Patron Fines and Fees	6,292		6,292
Earnings on Investments	7,556	\$19,809	27,365
Contributions, Gifts and Donations	914	1,196	2,110
Miscellaneous Receipts	923	2,450	3,373
	<u>377,746</u>	<u>23,455</u>	<u>401,201</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	199,449		199,449
Purchased and Contracted Services	51,556	26,360	77,916
Other Objects	7,761		7,761
Library Materials and Information	52,481		52,481
Supplies	7,255		7,255
Capital Outlay	17,176		17,176
	<u>335,678</u>	<u>26,360</u>	<u>362,038</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>42,068</u>	<u>(2,905)</u>	<u>39,163</u>
Other Financing Receipts/(Disbursements):			
Proceeds from Sales of Property	916		916
Transfers-In		100,000	100,000
Transfers-Out	(100,000)		(100,000)
	<u>(99,084)</u>	<u>100,000</u>	<u>916</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(57,016)	97,095	40,079
Fund Cash Balances, January 1, 2001	<u>174,257</u>	<u>406,375</u>	<u>580,632</u>
Fund Cash Balances, December 31, 2001	<u><u>117,241</u></u>	<u><u>503,470</u></u>	<u><u>620,711</u></u>
Reserves for Encumbrances, December 31, 2001	<u>\$0</u>	<u>\$32,560</u>	<u>\$32,560</u>

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

**BLUFFTON PUBLIC LIBRARY
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Bluffton Public Library, Allen 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 the Bluffton Exempted Village 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.

Certificates of deposit are valued 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. The Library had the following significant capital project fund:

Building Fund – This fund receives interest from the STAR Ohio account and rent from the lease of the Library real estate. This fund also received the bond proceeds for the debt issued for the Library expansion project.

**BLUFFTON PUBLIC LIBRARY
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. 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	\$52,101	\$27,806
Certificates of deposit	95,964	85,000
Total deposits	148,065	112,806
Investments:		
STAR Ohio	1,943,509	507,905
Total investments	1,943,509	507,905
Total deposits and investments	\$2,091,574	\$620,711

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Library.

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

**BLUFFTON PUBLIC LIBRARY
ALLEN 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	\$366,806	\$367,038	\$232
Capital Projects	2,002,331	2,002,385	54
Total	\$2,369,137	\$2,369,423	\$286

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$392,935	\$321,454	\$71,481
Capital Projects	2,252,802	1,631,402	621,400
Total	\$2,645,737	\$1,952,856	\$692,881

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$377,637	\$378,662	\$1,025
Capital Projects	122,550	123,455	905
Total	\$500,187	\$502,117	\$1,930

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$492,599	\$435,678	\$56,921
Capital Projects	83,800	58,920	24,880
Total	\$576,399	\$494,598	\$81,801

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.

**BLUFFTON PUBLIC LIBRARY
ALLEN 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. CONSTRUCTION BOND LEVY AND DEBT

The Bluffton Exempted Village School District, the Library's taxing authority, authorized a construction bond levy of 1.18 mills, which passed in November of 2001; for the purpose of renovating, improving, and constructing an addition to the Bluffton Public Library. Debt was issued on behalf of the Library in the amount of \$1,965,000, in 2002. The School District has assumed responsibility for handling the proceeds of the levy and the repayment of the debt.

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 contributes an amount equal to 13.55 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

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

- Comprehensive property and general liability;
- Errors and omissions and
- Builder's risk property insurance.

**BLUFFTON PUBLIC LIBRARY
ALLEN COUNTY**

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

8. LIBRARY FOUNDATIONS

The Library Foundation and the Friends of the Library are two non-profit groups that exist and operate toward the betterment of the Bluffton Public Library. These organizations are legally separate and are not fiscally dependent upon the Library. The Friends of the Library issued disbursements on behalf of the Library in the amounts of \$553 and \$856 for 2002 and 2001, respectively.

9. CONTRACTUAL COMMITMENTS

The Library had entered into various contracts with outstanding amounts at December 31, 2002, as follows:

Company	Project	Amount
Tuttle Construction	Library renovation and addition	\$790,045
Gast Plumbing and Heating	Library renovation and addition	151,014
Bodie Electric	Library renovation and addition	172,740

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**Auditor of State
Betty Montgomery**

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

Bluffton Public Library
Allen County
145 South Main Street
Bluffton, Ohio 45817

To the Board of Trustees:

We have audited the accompanying financial statements of the Bluffton Public Library, Allen County (the Library) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated March 13, 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 March 13, 2003.

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

March 13, 2003



**Auditor of State
Betty Montgomery**

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BLUFFTON PUBLIC LIBRARY

ALLEN 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 17, 2003**