



**Auditor of State  
Betty Montgomery**



HARRIS-ELMORE PUBLIC LIBRARY  
OTTAWA COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Harris-Elmore Public Library  
Ottawa County  
328 Toledo Street, P.O. Box 45  
Elmore, Ohio 43416-0045

To the Board of Trustees:

We have audited the accompanying financial statements of the Harris-Elmore Public Library, Ottawa 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 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 reserve 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 May 28, 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 audits.

This report is intended solely for the information and use of the audit committee, 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

May 28, 2003

**HARRIS-ELMORE PUBLIC LIBRARY  
OTTAWA 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**

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	General	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>				
State Income Taxes	\$469,486			\$469,486
Patron Fines and Fees	22,280			22,280
Earnings on Investments	17,719	\$4,633	\$53	22,405
Contributions, Gifts and Donations			17,776	17,776
Miscellaneous Receipts		1,350		1,350
<b>Total Cash Receipts</b>	<b>509,485</b>	<b>5,983</b>	<b>17,829</b>	<b>533,297</b>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	267,390			267,390
Purchased and Contracted Services	59,780	20,714		80,494
Library Materials and Information	64,454		446	64,900
Supplies	17,581	1,045	467	19,093
Other Objects	21,737			21,737
Capital Outlay	7,474	287,517		294,991
<b>Total Cash Disbursements</b>	<b>438,416</b>	<b>309,276</b>	<b>913</b>	<b>748,605</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>71,069</b>	<b>(303,293)</b>	<b>16,916</b>	<b>(215,308)</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		75,000		75,000
Transfers-Out	(75,000)			(75,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(75,000)</b>	<b>75,000</b>		
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(3,931)</b>	<b>(228,293)</b>	<b>16,916</b>	<b>(215,308)</b>
<b>Fund Cash Balances, January 1</b>	<b>93,562</b>	<b>552,848</b>	<b>15,779</b>	<b>662,189</b>
<b>Fund Cash Balances, December 31</b>	<b>\$89,631</b>	<b>\$324,555</b>	<b>\$32,695</b>	<b>\$446,881</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$6,515</b>	<b>\$8,281</b>		<b>14,796</b>

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

**HARRIS-ELMORE PUBLIC LIBRARY  
OTTAWA 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, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
State Income Taxes	\$509,192			\$509,192
Patron Fines and Fees	15,049			15,049
Earnings on Investments	37,906			37,906
Contributions, Gifts and Donations			\$3,080	3,080
<b>Total Cash Receipts</b>	<u>562,147</u>		<u>3,080</u>	<u>565,227</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	257,681			257,681
Purchased and Contracted Services	62,476			62,476
Library Materials and Information	63,177		723	63,900
Supplies	15,614		355	15,969
Other Objects	18,851			18,851
Capital Outlay	1,708	\$49,809	623	52,140
<b>Total Cash Disbursements</b>	<u>419,507</u>	<u>49,809</u>	<u>1,701</u>	<u>471,017</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>142,640</u>	<u>(49,809)</u>	<u>1,379</u>	<u>94,210</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		150,000		150,000
Transfers-Out	(150,000)			(150,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(150,000)</u>	<u>150,000</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(7,360)	100,191	1,379	94,210
Fund Cash Balances, January 1	100,922	452,657	14,400	567,979
<b>Fund Cash Balances, December 31</b>	<u><u>\$93,562</u></u>	<u><u>\$552,848</u></u>	<u><u>\$15,779</u></u>	<u><u>\$662,189</u></u>
Reserves for Encumbrances, December 31	<u><u>\$3,674</u></u>		<u><u>\$163</u></u>	<u><u>3,837</u></u>

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



**HARRIS-ELMORE PUBLIC LIBRARY  
OTTAWA COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Harris-Elmore Public Library, Ottawa 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 Woodmore 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 and repurchase agreements 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:

*Building Fund* – The proceeds of this fund are used for major computer equipment purchases and the construction, maintenance and repair of Library buildings.

**HARRIS-ELMORE PUBLIC LIBRARY  
OTTAWA COUNTY**

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

**3. Fiduciary Funds (Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain a 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 fiduciary funds:

*Memorial Fund* – This fund receives contributions, gifts and donation to purchase library materials and equipments.

*Building Addition Gift Fund* – This fund receives contributions, gifts and donations to furnish the Genoa branch addition.

**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 function 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	\$96,080	(\$5,405)
Certificates of Deposit	176,648	400,000
Total Deposits	272,728	394,595
Repurchase Agreement	174,153	267,594
Total deposits and investments	\$446,881	\$662,189

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Library or collateralized by the financial institution's public entity deposit pool.

**HARRIS-ELMORE PUBLIC LIBRARY  
OTTAWA COUNTY**

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

**Investments:** The repurchase agreements are held in book-entry form by the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities.

**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	\$636,083	\$519,931	\$116,152
Capital Projects	405,000	317,557	87,443
Fiduciary	8,663	913	7,750
Total	\$1,049,746	\$838,401	\$211,345

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$658,168	\$573,181	\$84,987
Capital Projects	205,000	49,809	155,191
Fiduciary	8,500	1,864	6,636
Total	\$871,668	\$624,854	\$246,814

**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.

**5. 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 2001. The Library has paid all contributions required through December 31, 2002.

**HARRIS-ELMORE PUBLIC LIBRARY  
OTTAWA COUNTY**

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

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Harris-Elmore Public Library has obtained commercial insurance for the following risks:

- Commercial Property.
- Commercial General Liability.
- Employers Liability Insurance Policy.
- Commercial Auto.
- Commercial Inland Marine.
- Errors and Omissions.

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



**Auditor of State  
Betty Montgomery**

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

Harris-Elmore Public Library  
Ottawa County  
328 Toledo Street, P.O. Box 45  
Elmore, Ohio 43416-0045

To the Board of Trustees:

We have audited the accompanying financial statements of the Harris-Elmore Public Library, Ottawa County, (the Library) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 28, 2003. 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 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

May 28, 2003



**Auditor of State  
Betty Montgomery**

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**HARRIS-ELMORE PUBLIC LIBRARY**

**OTTAWA 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  
JULY 1, 2003**