



**Auditor of State
Betty Montgomery**

**MONTPELIER PUBLIC LIBRARY
WILLIAMS COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Montpelier Public Library
Williams County
216 E. Main St.
Montpelier, OH 43543-1199

To the Board of Trustees:

We have audited the accompanying financial statements of the Montpelier Public Library, Williams 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 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 20, 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, 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 20, 2003

**MONTPELIER PUBLIC LIBRARY
WILLIAMS 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>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property and Other Local Taxes	\$271,103				\$271,103
Patron Fines and Fees	5,137				5,137
Earnings on Investments	14,770				14,770
Contributions, Gifts and Donations	3,040			\$1,200	4,240
Miscellaneous Receipts	24,087				24,087
	<u>318,137</u>			<u>1,200</u>	<u>319,337</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	136,311				136,311
Supplies	13,179				13,179
Purchased and Contracted Services	63,109				63,109
Library Materials and Information	73,553				73,553
Other Objects	3,380				3,380
Capital Outlay	6,241				6,241
	<u>295,773</u>				<u>295,773</u>
Total Cash Receipts Over Cash Disbursements	22,364			1,200	23,564
Fund Cash Balances, January 1	<u>381,191</u>	<u>\$22,782</u>	<u>\$10,248</u>		<u>414,221</u>
Fund Cash Balances, December 31	<u>\$403,555</u>	<u>\$22,782</u>	<u>\$10,248</u>	<u>\$1,200</u>	<u>\$437,785</u>
Reserves for Encumbrances, December 31	<u>\$39,285</u>				<u>\$39,285</u>

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

**MONTPELIER PUBLIC LIBRARY
WILLIAMS 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$294,041			\$294,041
Patron Fines and Fees	4,275			4,275
Earnings on Investments	20,304			20,304
Contributions, Gifts and Donations	980			980
Miscellaneous Receipts	3,367			3,367
	<u>322,967</u>			<u>322,967</u>
Total Cash Receipts	<u>322,967</u>			<u>322,967</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	110,931			110,931
Supplies	14,226			14,226
Purchased and Contracted Services	99,567			99,567
Library Materials and Information	53,759			53,759
Other Objects	3,909			3,909
Capital Outlay	13,385			13,385
	<u>295,777</u>			<u>295,777</u>
Total Cash Disbursements	<u>295,777</u>			<u>295,777</u>
Total Cash Receipts Over Cash Disbursements	27,190			27,190
Fund Cash Balances, January 1	<u>354,001</u>	<u>\$22,782</u>	<u>\$10,248</u>	<u>387,031</u>
Fund Cash Balances, December 31	<u>\$381,191</u>	<u>\$22,782</u>	<u>\$10,248</u>	<u>\$414,221</u>
Reserves for Encumbrances, December 31	<u>\$33,528</u>			<u>\$33,528</u>

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

**MONTPELIER PUBLIC LIBRARY
WILLIAMS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Montpelier Public Library, Williams 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 Board of Education of the Montpelier Exempted Village School District. 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

Repurchase agreements and 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. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

Walter Faben Memorial Fund – This fund received a donation and the monies in the fund may be expended for any purpose other than payroll and general operation that the Board of Trustees sees fit in the memory of Mr. Faben.

**MONTPELIER PUBLIC LIBRARY
WILLIAMS COUNTY**

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

3. Capital Project Funds

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 project fund:

Building and Repair Fund – The money in this fund was the excess of funds needed to build the current library. The fund is being maintained for future building repairs.

4. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. This trust fund is classified as expendable. The Library had the following significant fiduciary fund:

Trula Thompson Memorial Fund – This fund received a donation and the monies in the fund may be expended for only award winning books for children.

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 vacation leave. Unpaid vacation 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:

**MONTPELIER PUBLIC LIBRARY
WILLIAMS COUNTY**

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

	2002	2001
Demand deposits	\$24,916	\$9,624
Certificates of deposit	165,000	165,000
Total deposits	189,916	174,624
Repurchase agreement	247,719	239,447
Total investments	247,719	239,447
Cash on Hand	150	150
Total	\$437,785	\$414,221

Deposits: 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.

Investments: Securities underlying the repurchase agreements are held in a book-entry form by the Federal Reserve, in the name of the financial institution. The Library's financial institution maintains records identifying the Library as the owner of the 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	\$686,303	\$335,058	\$351,245
Special Revenue	22,782		22,782
Capital Projects	10,248		10,248
Fiduciary			
Total	\$719,333	\$335,058	\$384,275

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$668,657	\$329,305	\$339,352
Special Revenue	22,782		22,782
Capital Projects	10,248		10,248
Total	\$701,687	\$329,305	\$372,382

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

**MONTPELIER PUBLIC LIBRARY
WILLIAMS COUNTY**

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

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 of Ohio (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% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Library has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.
- Vehicles.



**Auditor of State
Betty Montgomery**

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

Montpelier Public Library
Williams County
216 E. Main St.
Montpelier, OH 43543-1199

To the Board of Trustees:

We have audited the accompanying financial statements of the Montpelier Public Library, Williams County (the Library) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated March 20, 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. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated March 20, 2003.

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. However, we noted another 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 20, 2003.

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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

March 20, 2003



**Auditor of State
Betty Montgomery**

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MONTPELIER PUBLIC LIBRARY

WILLIAMS 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**