



**Auditor of State
Betty Montgomery**

**NORTH BALTIMORE PUBLIC LIBRARY
WOOD COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

North Baltimore Public Library
Wood County
230 North Main Street
North Baltimore, OH 45872-1132

To the Board of Trustees:

We have audited the accompanying financial statements of the North Baltimore Public Library, Wood 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 August 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.

North Baltimore Public Library
Wood County
Independent Accountants' Report
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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

August 13, 2003

**NORTH BALTIMORE PUBLIC LIBRARY
WOOD 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>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Library and Local Government Support	\$417,417			\$417,417
Patron Fines and Fees	7,975			7,975
Earnings on Investments	23,590			23,590
Contributions, Gifts and Donations	6,481			6,481
Miscellaneous Receipts	7,897			7,897
	<u>463,360</u>			<u>463,360</u>
Cash Disbursements:				
Current:				
Salaries	224,509			224,509
Employee Fringe Benefits	82,975			82,975
Purchased and Contracted Services	64,158			64,158
Library Materials and Information	62,720			62,720
Supplies	14,390			14,390
Other Objects	6,524			6,524
Capital Outlay	21,090		\$62,888	83,978
	<u>476,366</u>		<u>62,888</u>	<u>539,254</u>
Total Cash Disbursements Over Cash Receipts	<u>(13,006)</u>		<u>(62,888)</u>	<u>(75,894)</u>
Other Financing Receipts:				
Proceeds from Sales of Property	1,589			1,589
Other Financing Sources	31		23,656	23,687
	<u>1,620</u>		<u>23,656</u>	<u>25,276</u>
Excess of Cash Disbursements Over Cash Receipts and Other Financing Receipts	(11,386)		(39,232)	(50,618)
Fund Cash Balances, January 1	<u>306,531</u>	<u>\$50,000</u>	<u>278,015</u>	<u>634,546</u>
Fund Cash Balances, December 31	<u>\$295,145</u>	<u>\$50,000</u>	<u>\$238,783</u>	<u>\$583,928</u>
Reserves for Encumbrances, December 31	<u>\$46,000</u>		<u>\$140,388</u>	<u>\$186,388</u>

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

**NORTH BALTIMORE PUBLIC LIBRARY
WOOD 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>	Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Library and Local Government Support	\$452,800			\$452,800
Patron Fines and Fees	7,740			7,740
Earnings on Investments	31,809			31,809
Contributions, Gifts and Donations	6,505			6,505
Miscellaneous Receipts	4,010			4,010
	<u>502,864</u>			<u>502,864</u>
Cash Disbursements:				
Current:				
Salaries	208,100			208,100
Employee Fringe Benefits	67,324			67,324
Purchased and Contracted Services	62,953		\$50	63,003
Library Materials and Information	46,730			46,730
Supplies	18,334			18,334
Other Objects	8,073			8,073
Capital Outlay	31,198	\$6,676		37,874
	<u>442,712</u>	<u>6,676</u>	<u>50</u>	<u>449,438</u>
Total Cash Receipts Over/ (Under) Cash Disbursements	<u>60,152</u>	<u>(6,676)</u>	<u>(50)</u>	<u>53,426</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property	542			542
Transfers-In		6,676		6,676
Transfers-Out	(6,676)			(6,676)
	<u>(6,134)</u>	<u>6,676</u>		<u>542</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	54,018		(50)	53,968
Fund Cash Balances, January 1	<u>252,513</u>	<u>50,000</u>	<u>278,065</u>	<u>580,578</u>
Fund Cash Balances, December 31	<u>\$306,531</u>	<u>\$50,000</u>	<u>\$278,015</u>	<u>\$634,546</u>
Reserves for Encumbrances, December 31	<u>\$134</u>			<u>\$134</u>

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

**NORTH BALTIMORE PUBLIC LIBRARY
WOOD COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

North Baltimore Public Library, Wood 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 North Baltimore Local 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

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. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund. Marketable equity securities (including common stock) received as donations to the expandable trust fund are recorded at the market value at the time of donation.

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.

**NORTH BALTIMORE PUBLIC LIBRARY
WOOD COUNTY**

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

2. 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:

Capital Improvement Fund – the Library utilizes this fund to account for the purchase of capital improvements.

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 fiduciary fund:

Bower Estate Fund – received stock contribution in fiscal year 2000. Proceeds are restricted for a major building program, as defined by the trust agreement.

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 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:

**NORTH BALTIMORE PUBLIC LIBRARY
WOOD COUNTY**

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

	2002	2001
Demand deposits	\$60,400	\$27,145
Certificates of deposit	170,781	183,465
Premier Savings	85,107	
Total deposits	316,288	210,610
STAR Ohio	42,692	146,244
Common stock (at cost, fair value was \$339,645 and \$428,340 at December 31, 2002 and 2001, respectively.)	224,948	277,692
Total investments	267,640	423,936
Total deposits and investments	\$583,928	\$634,546

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or 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. The Library's common stock is held in book entry form by a financial institution's trust department in the Library's name. The bequest of the common stock specified that they are not to be sold except for a major building program such as the construction of a new building or an addition or alteration of the current building.

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	\$757,584	\$522,366	\$235,218
Capital Projects	50,000		50,000
Fiduciary	278,015	203,276	74,739
Total	\$1,085,599	\$725,642	\$359,957

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$628,582	\$449,522	\$179,060
Capital Projects	50,000	6,676	43,324
Fiduciary	373	50	323
Total	\$678,955	\$456,248	\$222,707

**NORTH BALTIMORE PUBLIC LIBRARY
WOOD COUNTY**

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

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.

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

The Library also provides health insurance, dental coverage, and life 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**

North Baltimore Public Library
Wood County
230 North Main Street
North Baltimore, OH 45872-1132

To the Board of Trustees:

We have audited the accompanying financial statements of the North Baltimore Public Library, Wood County, (the Library) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 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.

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

August 13, 2003



**Auditor of State
Betty Montgomery**

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NORTH BALTIMORE PUBLIC LIBRARY

WOOD 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
SEPTEMBER 16, 2003**