



**Auditor of State
Betty Montgomery**

OBERLIN PUBLIC LIBRARY
LORAIN COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Board of Trustees
Oberlin Public Library
Lorain County
65 South Main Street
Oberlin, Ohio 44074

We have audited the accompanying financial statements of the Oberlin Public Library, Lorain County, Ohio, (the Library) as of and for the years ended December 31, 2003 and December 31, 2002. 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 described 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 of the Oberlin Public Library, Lorain County, Ohio, as of December 31, 2003 and December 31, 2002, 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 25, 2004 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 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 25, 2004

**OBERLIN PUBLIC LIBRARY
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$406,956	\$0	\$0	\$406,956
Other Government Grants-In-Aid	565,405			565,405
Patron Fines and Fees	32,855			32,855
Earnings on Investments	2,950		2,796	5,746
Contributions, Gifts and Donations	10,929			10,929
Miscellaneous Receipts	2,961			2,961
	<u>1,022,056</u>	<u>0</u>	<u>2,796</u>	<u>1,024,852</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries and Benefits	651,545	1,479		653,024
Purchased and Contracted Services	148,962	9,000		157,962
Library Materials	197,818			197,818
Other Objects	24,562			24,562
Capital Outlay	18,095	1,597	132,652	152,344
	<u>1,040,982</u>	<u>12,076</u>	<u>132,652</u>	<u>1,185,710</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(18,926)</u>	<u>(12,076)</u>	<u>(129,856)</u>	<u>(160,858)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In				0
Transfers-Out				0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(18,926)	(12,076)	(129,856)	(160,858)
Fund Cash Balances, January 1	<u>237,197</u>	<u>12,076</u>	<u>298,686</u>	<u>547,959</u>
Fund Cash Balances, December 31	<u><u>\$218,271</u></u>	<u><u>\$0</u></u>	<u><u>\$168,830</u></u>	<u><u>\$387,101</u></u>

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

**OBERLIN PUBLIC LIBRARY
LORAIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Receipts:	
Earnings on Investments	\$1,213
Contributions, Gifts and Donations	200
	1,413
Total Operating Cash Receipts	1,413
Operating Cash Disbursements:	
Current:	
Library Materials and Information	1,341
Other Objects	
Capital Outlay	
	1,341
Total Operating Cash Disbursements	1,341
Operating Income/(Loss)	72
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	72
Transfers-In	
Transfers-Out	
	72
Net Receipts Over/(Under) Disbursements	72
Fund Cash Balance, January 1	93,307
Fund Cash Balance, December 31	\$93,379

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

**OBERLIN PUBLIC LIBRARY
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Property and Other Local Taxes	\$393,896	\$0	\$0	\$0	\$393,896
Other Government Grants-In-Aid	594,074	500			594,574
Patron Fines and Fees	31,010				31,010
Earnings on Investments	4,589		5,434		10,023
Contributions, Gifts and Donations	9,223	21,615			30,838
Miscellaneous Receipts	3,438				3,438
Total Cash Receipts	1,036,230	22,115	5,434	0	1,063,779
Cash Disbursements:					
Current:					
Salaries and Benefits	575,904	66,487			642,391
Purchased and Contracted Services	129,936	18,870		\$1,628	150,434
Library Materials	227,288				227,288
Other Objects	28,005	2,222			30,227
Capital Outlay	24,167	1,065	28,790		54,022
Total Cash Disbursements	985,300	88,644	28,790	1,628	1,104,362
Total Cash Receipts Over/(Under) Cash Disbursements	50,930	(66,529)	(23,356)	(1,628)	(40,583)
Other Financing Receipts/(Disbursements):					
Transfers-In					0
Transfers-Out					0
Total Other Financing Receipts/(Disbursements)	0	0	0	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	50,930	(66,529)	(23,356)	(1,628)	(40,583)
Fund Cash Balances, January 1	186,267	78,605	322,042	1,628	588,542
Fund Cash Balances, December 31	\$237,197	\$12,076	\$298,686	\$0	\$547,959

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

**OBERLIN PUBLIC LIBRARY
LORAIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Receipts:	
Earnings on Investments	\$2,575
Contributions, Gifts and Donations	200
	2,775
Total Operating Cash Receipts	2,775
Operating Cash Disbursements:	
Current:	
Library Materials and Information	1,619
Other Objects	
Capital Outlay	
	1,619
Total Operating Cash Disbursements	1,619
Operating Income/(Loss)	1,156
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	1,156
Transfers-In	
Transfers-Out	
	1,156
Net Receipts Over/(Under) Disbursements	1,156
Fund Cash Balance, January 1	92,151
Fund Cash Balance, December 31	\$93,307

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

**OBERLIN PUBLIC LIBRARY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Oberlin Public Library, Lorain 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 six-member Board of Trustees appointed by the Chairperson of Oberlin City Council. The Library provides the community with various educational and literary resources.

Component units are legally separate organizations for which the Library is financially accountable. Component units may also include organizations that provide significant ongoing financial support to the Library. The library has no component units.

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 an expenditure is made.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in fund cash balances. 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 deposits are valued at cost. 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. Special Revenue Fund

This fund is 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:

Bridge Fund – used for tracking local grants used to operate a neighborhood computer center.

**OBERLIN PUBLIC LIBRARY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Projects Fund

This fund is 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 Projects Fund:

Construction (Building) Fund – used for the purposes of expanding, renovating, improving, furnishing and equipping the existing Library and improving its site.

4. 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 Funds:

Expendable Trust Fund

Miscellaneous Book Fund – used for the purchase of children’s books and expenses of lecture series.

Nonexpendable Trust Funds

Gilford Memorial Book fund – interest is used for the purchase of adult and children’s books.

Daub Memorial Fund - interest is used for the purchase of adult books.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end. Budgetary expenditures may not exceed appropriations at the fund level of control.

A summary of 2003 and 2002 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 up to ten days of unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

**OBERLIN PUBLIC LIBRARY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

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:

	2003	2002
Demand deposits	\$48,249	\$35,174
Certificates of Deposit	0	25,359
Petty Cash and Change Cash	95	95
Total deposits	48,344	60,628
 STAR Ohio	 432,136	 580,638
Total investments	432,136	580,638
Total deposits and investments	\$480,480	\$641,266

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 was as follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,241,117	\$1,040,982	\$200,135
Special Revenue	12,076	12,076	0
Capital Projects	298,686	132,652	166,034
Nonexpendable Trust	4,754	1,341	3,413
Total	\$1,556,633	\$1,187,051	\$369,582

**OBERLIN PUBLIC LIBRARY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,246,831	\$985,300	\$261,531
Special Revenue	101,195	88,644	12,551
Capital Projects	337,042	28,790	308,252
Expendable Trust	1,628	1,628	0
Nonexpendable Trust	5,972	1,619	4,353
Total	\$1,692,668	\$1,105,981	\$586,687

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. These revenues are reflected in the accompanying financial statements as Other Government Grants-In-Aid.

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 Government 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 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.

**OBERLIN PUBLIC LIBRARY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. RETIREMENT SYSTEM (Continued)

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 January 1, 2002 through December 31, 2003. The Library has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Commercial Insurance

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

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

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**Auditor of State
Betty Montgomery**

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

Board of Trustees
Oberlin Public Library
Lorain County
65 South Main Street
Oberlin, Ohio 44074

We have audited the financial statements of the Oberlin Public Library, Lorain County, Ohio, (the Library) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated February 25, 2004. 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated February 25, 2004.

This report is intended solely for the information and use of 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

February 25, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

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OBERLIN PUBLIC LIBRARY

LORAIN 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
MAY 11, 2004**