



**Auditor of State
Betty Montgomery**

**GALION PUBLIC LIBRARY
CRAWFORD COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Galion Public Library
Crawford County
123 N. Market Street
Galion, Ohio 44833

To the Board of Trustees:

We have audited the accompanying financial statements of the Galion Public Library, Crawford County, Ohio, (the Library) as of and for the years ended December 31, 2002, and December 31, 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Galion Public Library, Crawford County, Ohio, as of December 31, 2002, and December 31, 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 audit.

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This report is intended solely for the information and use of the finance committee, management, the Board of Trustees and other officials authorized to receive this report under Section 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

**GALION PUBLIC LIBRARY
CRAWFORD 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>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Government Grants-in-Aid	\$639,236	0	0	\$639,236
Patron Fines and Fees	18,915	2,453	0	21,368
Earnings on Investments	51,738	0	14,753	66,491
Contributions, Gifts and Donations	13,834	1,050	332,579	347,463
Miscellaneous Receipts	467	0	0	467
	<u>724,190</u>	<u>3,503</u>	<u>347,332</u>	<u>1,075,025</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries and Benefits	374,057	0	0	374,057
Supplies	15,104	552	0	15,656
Purchased and Contracted Services	81,255	7,198	24,624	113,077
Library Materials	133,965	0	0	133,965
Other Objects	1,867	1,532	0	3,399
Capital Outlay	9,179	0	3,613	12,792
	<u>615,427</u>	<u>9,282</u>	<u>28,237</u>	<u>652,946</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>108,763</u>	<u>(5,779)</u>	<u>319,095</u>	<u>422,079</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	0	109,000	109,000
Transfers-Out	<u>(109,000)</u>	<u>0</u>	<u>0</u>	<u>(109,000)</u>
	<u>(109,000)</u>	<u>0</u>	<u>109,000</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	(237)	(5,779)	428,095	422,079
Fund Cash Balances, January 1, 2002	<u>200,598</u>	<u>224,377</u>	<u>639,260</u>	<u>1,064,235</u>
Fund Cash Balances, December 31, 2002	<u><u>\$200,361</u></u>	<u><u>\$218,598</u></u>	<u><u>\$1,067,355</u></u>	<u><u>\$1,486,314</u></u>

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

**GALION PUBLIC LIBRARY
CRAWFORD 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>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Government Grants-in-Aid	\$693,328	\$0	\$0	\$693,328
Patron Fines and Fees	18,520	38	0	18,558
Earnings on Investments	71,331	0	400	71,731
Contributions, Gifts and Donations	9,490	98,675	4,225	112,390
Miscellaneous Receipts	1,777	0	0	1,777
Total Cash Receipts	<u>794,446</u>	<u>98,713</u>	<u>4,625</u>	<u>897,784</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	364,885	0	0	364,885
Supplies	18,933	2,093	0	21,026
Purchased and Contracted Services	77,221	5,682	718	83,621
Library Materials	136,318	0	0	136,318
Other Objects	2,268	0	0	2,268
Capital Outlay	14,595	0	136,098	150,693
Total Cash Disbursements	<u>614,220</u>	<u>7,775</u>	<u>136,816</u>	<u>758,811</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>180,226</u>	<u>90,938</u>	<u>(132,191)</u>	<u>138,973</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	0	180,000	180,000
Transfers-Out	(180,000)	0	0	(180,000)
Total Other Financing Receipts/(Disbursements)	<u>(180,000)</u>	<u>0</u>	<u>180,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	226	90,938	47,809	138,973
Fund Cash Balances, January 1, 2001	<u>200,372</u>	<u>133,439</u>	<u>591,451</u>	<u>925,262</u>
Fund Cash Balances, December 31, 2001	<u>\$200,598</u>	<u>\$224,377</u>	<u>\$639,260</u>	<u>\$1,064,235</u>

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

**GALION PUBLIC LIBRARY
CRAWFORD COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Galion Public Library, Crawford County, Ohio, (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 nine-member Board of Trustees appointed by the Galion Public Library Association. 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.

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.

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.

**GALION PUBLIC LIBRARY
CRAWFORD COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 Special Revenue Funds:

- a) **Enrichment Fund** – receives contributions, gifts, and donations that are used to support projects at the Library.
- b) **Myron and Dorothy Stowe Fund** – receives patron fines and fees, and contributions, gifts, and donations to fund programs that benefit the Library and its patrons, such as performances of entertainment and educational value, but may also include purchases of equipment, materials, or collections in support of such programs.

3. Capital Projects 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 capital project fund:

- a) **Building Fund** – supports the acquisition of property, expansion, renovation and repair of the Library facilities.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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.

**GALION PUBLIC LIBRARY
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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 at December 31 follows:

	2002	2001
Deposits	\$222,525	\$105,543
Cash on Hand	189	190
Certificates of deposit	1,263,600	958,502
Total deposits	\$1,486,314	\$1,064,235

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.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002, and December 31, 2001 follows:

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$887,000	\$724,427	\$162,573
Special Revenue	152,000	9,282	142,718
Capital Projects	400,000	28,237	371,763
Total	\$1,439,000	\$761,946	\$677,054

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$879,350	\$794,220	\$85,130
Special Revenue	102,000	7,775	94,225
Capital Projects	400,000	136,816	263,184
Total	\$1,381,350	\$938,811	\$442,539

4. GRANTS-IN-AID 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.

**GALION PUBLIC LIBRARY
CRAWFORD COUNTY**

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

5. RETIREMENT SYSTEM

Library employees contribute to the Public Employees Retirement System of Ohio (PERS). 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% 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;
- Fine arts, valuable papers and records, data processing;
- Errors and omissions; and
- Employee dishonesty.



**Auditor of State
Betty Montgomery**

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

Galion Public Library
Crawford County
123 N. Market Street
Galion, Ohio 44833

To the Board of Trustees:

We have audited the accompanying financial statements of the Galion Public Library, Crawford County, Ohio, (the Library) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated March 20, 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.

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Galion Public Library
Crawford County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the finance 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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GALION PUBLIC LIBRARY

CRAWFORD 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 8, 2003**