



**Auditor of State  
Betty Montgomery**



**SWANTON PUBLIC LIBRARY  
FULTON COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Swanton Public Library  
Fulton County  
305 Chestnut St.  
Swanton, OH 43558-1305

To the Board of Trustees:

We have audited the accompanying financial statements of the Swanton Public Library, Fulton 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 fund cash balances and reserves for encumbrances of the Library as of December 31, 2002 and 2001, and its 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 April 4, 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 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

April 4, 2003

**SWANTON PUBLIC LIBRARY  
FULTON COUNTY**

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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>			
Other Government Grants-In-Aid	\$376,263		\$376,263
Patron Fines and Fees	14,684		14,684
Earnings on Investments	8,967		8,967
Contributions, Gifts and Donations	5,940		5,940
Miscellaneous Receipts	1,782		1,782
	<hr/>		<hr/>
Total Cash Receipts	407,636		407,636
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	262,027		262,027
Purchased and Contracted Services	64,323		64,323
Library Materials and Information	42,068		42,068
Supplies	9,550		9,550
Other Objects	4,996		4,996
Debt Service:			
Redemption of Principal		\$54,607	54,607
Interest Payments and Other Financing Fees and Costs		2,518	2,518
Capital Outlay	16,467		16,467
	<hr/>		<hr/>
Total Cash Disbursements	399,431	57,125	456,556
Total Cash Receipts Over/ (Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	8,205	(57,125)	(48,920)
<b>Other Financing Receipts and (Disbursements):</b>			
Proceeds of Bank Loan		41,288	41,288
Transfers-In	442	16,279	16,721
Transfers-Out	(16,279)	(442)	(16,721)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(15,837)	57,125	41,288
Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts and Other Financing Receipts	<hr/>		<hr/>
	(7,632)		(7,632)
Fund Cash Balances, January 1	<hr/>		<hr/>
	229,937		229,937
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$222,305</b> <hr/>		<hr/> <b>\$222,305</b> <hr/>
Reserves for Encumbrances, December 31	<hr/>		<hr/>
	\$7,530		\$7,530

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

**SWANTON PUBLIC LIBRARY  
FULTON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE  
NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Nonexpendable Trust</u>
<b>Operating Cash Receipts:</b>	
Earnings on Investments	<u>\$131</u>
<b>Operating Cash Disbursements:</b>	
Library Materials and Information	<u>131</u>
Operating Income	
Fund Cash Balance, January 1	<u>3,855</u>
<b>Fund Cash Balance, December 31</b>	<u><b>\$3,855</b></u>
Reserves for Encumbrances, December 31	<u><u>          </u></u>

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

**SWANTON PUBLIC LIBRARY  
FULTON COUNTY**

**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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>			
Other Government Grants-In-Aid	\$402,956		\$402,956
Patron Fines and Fees	13,735		13,735
Earnings on Investments	11,989		11,989
Contributions, Gifts and Donations	3,960		3,960
Miscellaneous Receipts	10,055		10,055
	<hr/>		<hr/>
Total Cash Receipts	442,695		442,695
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	262,184		262,184
Purchased and Contracted Services	74,564		74,564
Library Materials and Information	58,443		58,443
Supplies	8,960		8,960
Other Objects	6,516		6,516
Debt Service:			
Redemption of Principal		\$12,683	12,683
Interest Payments and Other Financing Fees and Costs		3,596	3,596
Capital Outlay	14,660		14,660
	<hr/>		<hr/>
Total Cash Disbursements	425,327	16,279	441,606
Total Cash Receipts Over/ (Under) Cash Disbursements	17,368	(16,279)	1,089
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-In		16,279	16,279
Transfers-Out	(16,279)		(16,279)
	<hr/>		<hr/>
Total Other Financing Receipts/(Disbursements)	(16,279)	16,279	
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	1,089		1,089
Fund Cash Balances, January 1	228,848		228,848
	<hr/>		<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$229,937</b>		<b>\$229,937</b>
	<hr/> <hr/>		<hr/> <hr/>
Reserves for Encumbrances, December 31	\$14,110		\$14,110
	<hr/> <hr/>		<hr/> <hr/>

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

SWANTON PUBLIC LIBRARY  
FULTON COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE  
NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Nonexpendable Trust</u>
<b>Operating Cash Receipts:</b>	
Earnings on Investments	<u>\$197</u>
<b>Operating Cash Disbursements:</b>	
Library Materials and Information	<u>197</u>
Operating Income	
Fund Cash Balance, January 1	<u>3,855</u>
<b>Fund Cash Balance, December 31</b>	<b><u><u>\$3,855</u></u></b>
Reserves for Encumbrances, December 31	<u><u>          </u></u>

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

**SWANTON PUBLIC LIBRARY  
FULTON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Swanton Public Library, Fulton 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 Swanton Local School District 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**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

The Library uses fund accounting to segregate cash that is 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. Debt Service Funds**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness.

**3. Fiduciary Fund (Nonexpendable Trust Fund)**

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. Income generated from the Library's nonexpendable trust fund is used for book purchases.

**SWANTON PUBLIC LIBRARY]  
FULTON COUNTY**

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

**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, or 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 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 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
Cash on Hand	\$80	\$60
Demand deposits	53,062	49,630
Certificates of deposit	173,018	184,102
Total deposits and cash on hand	\$226,160	\$233,792

Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**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	\$665,952	\$423,240	\$242,712
Debt Service	58,184	57,567	617
Fiduciary	3,990	131	3,859
Total	\$728,126	\$480,938	\$247,188

**SWANTON PUBLIC LIBRARY]  
FULTON COUNTY**

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

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$662,457	\$455,716	\$206,741
Debt Service	16,279	16,279	
Fiduciary	4,065	197	3,868
Total	<u>\$682,801</u>	<u>\$472,192</u>	<u>\$210,609</u>

**4. 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 account of any additional revenues the Library receives.

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 Governments 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. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Bank Loan-Roof Replacement	<u>\$38,008</u>	3.46%

The Library refinanced a \$41,289 bank loan for the purpose of replacing a portion of the library roof. The loan is payable monthly over a three-year period. Commencing July 2003, the interest rate will become variable. The loan is secured with a Certificate of Deposit in the same amount over the three-year period.

**SWANTON PUBLIC LIBRARY]  
FULTON COUNTY**

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

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year ending December 31:</u>	<u>Bank Loan</u>
2003	14,509
2004	14,510
2005	10,882
Total	<u><u>\$39,901</u></u>

**6. 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.

**7. RISK MANAGEMENT**

**Commercial Insurance**

Swanton Public Library has obtained commercial insurance for the following risks:

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



**Auditor of State  
Betty Montgomery**

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

Swanton Public Library  
Fulton County  
305 Chestnut St.  
Swanton, OH 43558-1305

To the Board of Trustees:

We have audited the accompanying financial statements of the Swanton Public Library, Fulton County, (the Library) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 4, 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. However, we noted a 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 April 4, 2003.

This report is intended solely for the information and use of 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

April 4, 2003



**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

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**SWANTON PUBLIC LIBRARY**

**FULTON 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 13, 2003**