



**Auditor of State
Betty Montgomery**

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Orrville Public Library
Wayne County
230 North Main Street
Orrville, Ohio 44667

To the Board of Trustees:

We have audited the accompanying financial statements of the Orrville Public Library, Wayne County, Ohio, (the Library) as of and for the years ended December 31, 2003 and 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 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, 2003 and 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 May 7, 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 audit.

Orrville Public Library
Wayne 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

May 7, 2004

**ORRVILLE PUBLIC LIBRARY
WAYNE 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	\$133,449			\$133,449
Other Government Grants-In-Aid	679,268			679,268
Patron Fines and Fees	39,280			39,280
Earnings on Investments	14,519		\$3,589	18,108
Contributions, Gifts and Donations	8,472			8,472
Miscellaneous	373			373
	<u>875,361</u>	<u>\$0</u>	<u>3,589</u>	<u>878,950</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries and Benefits	552,723			552,723
Purchased and Contracted Services	113,822	6,282	566	120,670
Other Objects	203,834	1,239		205,073
Capital Outlay	12,589		2,912	15,501
	<u>882,968</u>	<u>7,521</u>	<u>3,478</u>	<u>893,967</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(7,607)</u>	<u>(7,521)</u>	<u>111</u>	<u>(15,017)</u>
Fund Cash Balances, January 1	<u>788,540</u>	<u>7,683</u>	<u>331,584</u>	<u>1,127,807</u>
Fund Cash Balances, December 31	<u>\$780,933</u>	<u>\$162</u>	<u>\$331,695</u>	<u>\$1,112,790</u>
Reserves for Encumbrances, December 31	<u>\$20,664</u>	<u>\$114</u>	<u>\$0</u>	<u>\$20,778</u>

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

**ORRVILLE PUBLIC LIBRARY
WAYNE 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>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	\$143,514			\$143,514
Other Government Grants-In-Aid	686,415			686,415
Patron Fines and Fees	38,568			38,568
Earnings on Investments	21,279		\$5,859	27,138
Services Provided to Other Entities	360			360
Contributions, Gifts and Donations	12,535			12,535
Miscellaneous	1,236			1,236
Total Cash Receipts	<u>903,907</u>	<u>\$0</u>	<u>5,859</u>	<u>909,766</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	560,354			560,354
Purchased and Contracted Services	111,000	8,663	547	120,210
Other Objects	204,879	1,718		206,597
Capital Outlay	28,034	5,744	6,070	39,848
Total Cash Disbursements	<u>904,267</u>	<u>16,125</u>	<u>6,617</u>	<u>927,009</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(360)</u>	<u>(16,125)</u>	<u>(758)</u>	<u>(17,243)</u>
Fund Cash Balances, January 1	<u>788,900</u>	<u>23,808</u>	<u>332,342</u>	<u>1,145,050</u>
Fund Cash Balances, December 31	<u>\$788,540</u>	<u>\$7,683</u>	<u>\$331,584</u>	<u>\$1,127,807</u>
Reserves for Encumbrances, December 31	<u>\$16,330</u>	<u>\$0</u>	<u>\$1,562</u>	<u>\$17,892</u>

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

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003 AND 2002**

	Fiduciary Fund Types	
	2003 Nonexpendable Trust	2002 Nonexpendable Trust
Operating Cash Receipts:		
Earnings on Investments	\$35	\$55
Contributions, Gifts and Donations	600	
	635	55
Total Operating Cash Receipts		
Operating Cash Disbursements:		
Current:		
Other Objects	32	51
	32	51
Total Operating Cash Disbursements		
Net Receipts over Disbursements	603	4
Fund Cash Balances, January 1	\$2,509	\$2,505
Fund Cash Balances, December 31	\$3,112	\$2,509
Reserves for Encumbrances, December 31	\$0	\$0

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

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**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Orrville Public Library, Wayne 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 Orrville City 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. The overnight repurchase agreement investment is recorded at the bank balances reported on December 31, 2003 and 2002.

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

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's only Special Revenue Fund was the Drew Carey Grant Fund. This fund received restricted money from Drew Carey for young adult services.

**ORRVILLE PUBLIC LIBRARY
WAYNE 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 Project Funds

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's only Capital Projects Fund is the Building and Repair Fund which receives monies to repair the existing building structure.

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. Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had two fiduciary funds: the Nonexpendable Trust Toalston Fund and the Nonexpendable Endowment Trust Fund. Interest earned on monies may be expended according to the discretion of the Board.

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 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 unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

**ORRVILLE PUBLIC LIBRARY
WAYNE 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	\$274,796	\$587,481
Certificates of deposit	793,607	503,161
Total deposits	1,068,403	1,090,642
Repurchase agreement	47,499	39,674
Total deposits and investments	\$1,115,902	\$1,130,316

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

Investments: The Library's financial institution transfers the securities to the Library's agent to collateralize repurchase agreements. The securities are not in the Library's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$972,750	\$903,632	\$69,118
Special Revenue	7,683	7,635	48
Capital Projects	12,162	3,478	8,684
Fiduciary	33	32	1
Total	\$992,628	\$914,777	\$77,851

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,019,462	\$920,597	\$98,865
Special Revenue	23,808	16,125	7,683
Capital Projects	10,750	8,179	2,571
Fiduciary	54	51	3
Total	\$1,054,074	\$944,952	\$109,122

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

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

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. 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% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Library has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Commercial Insurance

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

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

The Library also provides health insurance to full-time employees through a private carrier, and a group activities insurance policy to cover volunteers who deliver Library materials to people in their home.



Auditor of State Betty Montgomery

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

Orrville Public Library
Wayne County
230 North Main Street
Orrville, Ohio 44667

To the Board of Trustees:

We have audited the accompanying financial statements of the Orrville Public Library, Wayne County, Ohio, (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 7, 2004. 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. 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 May 7, 2004.

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Orrville Public Library
Wayne 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 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

May 7, 2004



**Auditor of State
Betty Montgomery**

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ORRVILLE PUBLIC LIBRARY

WAYNE 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
JUNE 10, 2004**