



**STOW-MUNROE FALLS PUBLIC LIBRARY
SUMMIT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2003-2002



**Auditor of State
Betty Montgomery**

STOW-MUNROE FALLS PUBLIC LIBRARY
SUMMIT COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Stow-Munroe Falls Public Library
Summit County
3512 Darrow Road
Stow, Ohio 44224

To the Board of Trustees:

We have audited the accompanying financial statements of the Stow-Munroe Falls Public Library, Summit 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 described 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 Stow-Munroe Falls Public 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 March 5, 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.

Stow-Munroe Falls Public Library
Summit County
Independent Accountants' Report
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This report is intended solely for the information and use of the audit 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 5, 2004

**STOW-MUNROE FALLS PUBLIC LIBRARY
SUMMIT 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, 2003**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Other Government Grants-In-Aid	\$1,468,081	\$0	\$0	\$0	\$1,468,081
Patron Fines and Fees	91,083				91,083
Earnings on Investments	10,654				10,654
Contributions, Gifts and Donations	2,446				2,446
Miscellaneous Receipts	2,755				2,755
Total Cash Receipts	<u>1,575,019</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,575,019</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	1,117,996				1,117,996
Supplies	38,127				38,127
Purchased and Contracted Services	267,374				267,374
Library Materials and Information	195,055	3,236		19,671	217,962
Other Objects	7,775				7,775
Capital Outlay	50,172				50,172
Total Cash Disbursements	<u>1,676,499</u>	<u>3,236</u>	<u>0</u>	<u>19,671</u>	<u>1,699,406</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(101,480)	(3,236)	0	(19,671)	(124,387)
Fund Cash Balances, January 1	<u>813,994</u>	<u>3,236</u>	<u>140,000</u>	<u>19,671</u>	<u>976,901</u>
Fund Cash Balances, December 31	<u>\$712,514</u>	<u>\$0</u>	<u>\$140,000</u>	<u>\$0</u>	<u>\$852,514</u>
Reserves for Encumbrances, December 31	<u>\$27,279</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$27,279</u>

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

**STOW-MUNROE FALLS PUBLIC LIBRARY
SUMMIT 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>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Other Government Grants-In-Aid	\$1,509,645	\$4,500	\$0	\$0	\$1,514,145
Patron Fines and Fees	91,097				91,097
Earnings on Investments	18,498				18,498
Contributions, Gifts and Donations	1,795				1,795
Miscellaneous Receipts	736				736
Total Cash Receipts	<u>1,621,771</u>	<u>4,500</u>	<u>0</u>	<u>0</u>	<u>1,626,271</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	1,109,364				1,109,364
Supplies	37,292				37,292
Purchased and Contracted Services	270,296				270,296
Library Materials and Information	254,448				254,448
Other Objects	7,243				7,243
Capital Outlay	57,582	4,500	7,280		69,362
Total Cash Disbursements	<u>1,736,225</u>	<u>4,500</u>	<u>7,280</u>	<u>0</u>	<u>1,748,005</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(114,454)</u>	<u>0</u>	<u>(7,280)</u>	<u>0</u>	<u>(121,734)</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	32,971	248			33,219
Transfers-Out	(248)		(971)	(32,000)	(33,219)
Total Other Financing Receipts/(Disbursements)	<u>32,723</u>	<u>248</u>	<u>(971)</u>	<u>(32,000)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(81,731)	248	(8,251)	(32,000)	(121,734)
Fund Cash Balances, January 1	895,725	2,988	148,251	51,671	1,098,635
Fund Cash Balances, December 31	<u>\$813,994</u>	<u>\$3,236</u>	<u>\$140,000</u>	<u>\$19,671</u>	<u>\$976,901</u>
Reserves for Encumbrances, December 31	<u>\$55,571</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$55,571</u>

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

**STOW-MUNROE FALLS PUBLIC LIBRARY
SUMMIT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Stow-Munroe Falls Public Library, Summit 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 Stow-Munroe Falls City 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 and Investments

Investments are included in the 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.

The Library has invested funds in STAR Ohio during fiscal years 2003 and 2002. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for 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

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 significant Special Revenue Fund:

**STOW-MUNROE FALLS PUBLIC LIBRARY
SUMMIT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Restricted Federal Mini-Grant Fund - This fund received \$4,500 during 2002 for resource sharing purposes. This money was used to purchase a new computer server for the Library.

3. 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:

Building Project Fund - This fund received bond proceeds several years ago to construct a new Library facility. The fund is currently being used to account for any maintenance costs associated with the Library.

4. Fiduciary Funds (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. Other trust funds are classified as expendable. The Library had the following significant Fiduciary Fund:

Cochran Trust Fund - This fund received money from a bequest that was permitted to be expended at 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 and function 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.

**STOW-MUNROE FALLS PUBLIC LIBRARY
SUMMIT 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	\$97,505	\$46,995
STAR Ohio	755,009	929,906
Total deposits and investments	\$852,514	\$976,901

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.

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	\$1,715,933	\$1,703,778	\$12,155
Special Revenue	3,236	3,236	0
Capital Projects	0	0	0
Fiduciary	19,671	19,671	0
Total	\$1,738,840	\$1,726,685	\$12,155

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,925,031	\$1,792,044	\$132,987
Special Revenue	0	4,500	(4,500)
Capital Projects	8,251	8,251	0
Fiduciary	32,000	32,000	0
Total	\$1,965,282	\$1,836,795	\$128,487

**STOW-MUNROE FALLS PUBLIC LIBRARY
SUMMIT COUNTY**

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

4. GRANTS-IN-AID

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 cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, OPERS participants contributed 8.5% of their wages. 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 Stow-Munroe Falls Public Library has obtained commercial insurance for the following risks:

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

The Library also provides health insurance and dental and vision coverage to employees through a private carrier.

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



**Auditor of State
Betty Montgomery**

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

Stow-Munroe Falls Public Library
Summit County
3512 Darrow Road
Stow, Ohio 44224

To the Board of Trustees:

We have audited the accompanying financial statements of the Stow-Munroe Falls Public Library, Summit County, Ohio, (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated March 5, 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*. However, we noted an instance of noncompliance that we have reported to management of the Library in a separate letter dated March 5, 2004.

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 March 5, 2004.

Stow-Munroe Falls Public Library
Summit County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of audit 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 5, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
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Columbus, Ohio 43216-1140
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800-282-0370
Facsimile 614-466-4490

STOW-MUNROE FALLS PUBLIC LIBRARY

SUMMIT 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
APRIL 27, 2004**