



**Auditor of State
Betty Montgomery**

**DELPHOS PUBLIC LIBRARY
ALLEN COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Delphos Public Library
Allen County
309 West Second Street
Delphos, Ohio 45833

To the Board of Trustees:

We have audited the accompanying financial statements of the Delphos Public Library (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 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 fund cash balances, 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 January 27, 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.

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 § 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

January 27, 2004

**DELPHOS PUBLIC LIBRARY
ALLEN COUNTY**

**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>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$51,416		\$51,416
Other Government Grants-In-Aid	440,464		440,464
Patron Fines and Fees	7,123		7,123
Earnings on Investments	3,516	10,599	14,115
Services Provided to Other Entities	135		135
Contributions, Gifts and Donations	12,612		12,612
Miscellaneous Receipts	4,634		4,634
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	519,900	10,599	530,499
Cash Disbursements:			
Current:			
Salaries and Benefits	304,333		304,333
Purchased and Contracted Services	19,786		19,786
Library Materials and Information	100,148		100,148
Supplies	16,369		16,369
Other Objects	4,306		4,306
Capital Outlay	17,564		17,564
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	462,506		462,506
	<hr/>	<hr/>	<hr/>
Cash Receipts Over Cash Disbursements	57,394	10,599	67,993
Other Financing Receipts/(Disbursements):			
Transfers-In		50,000	50,000
Transfers-Out	(50,000)		(50,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(50,000)	50,000	
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	7,394	60,599	67,993
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	286,360	485,920	772,280
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$293,754	\$546,519	\$840,273
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The notes to the financial statements are an integral part of this statement.

**DELPHOS PUBLIC LIBRARY
ALLEN 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$49,195		\$49,195
Other Government Grants-In-Aid	444,853		444,853
Patron Fines and Fees	5,534		5,534
Earnings on Investments	15,952	10,920	26,872
Services Provided to Other Entities	50		50
Contributions, Gifts and Donations	12,908		12,908
Miscellaneous Receipts	4,972		4,972
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	533,464	10,920	544,384
Cash Disbursements:			
Current:			
Salaries and Benefits	291,163		291,163
Purchased and Contracted Services	20,322		20,322
Library Materials and Information	89,586		89,586
Supplies	17,979		17,979
Other Objects	5,557		5,557
Capital Outlay	86,651		86,651
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	511,258		511,258
	<hr/>	<hr/>	<hr/>
Cash Receipts Over Cash Disbursements	22,206	10,920	33,126
Other Financing Receipts/(Disbursements):			
Transfers-In		475,000	475,000
Transfers-Out	(475,000)		(475,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(475,000)	475,000	
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(452,794)	485,920	33,126
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	739,154		739,154
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$286,360</u>	<u>\$485,920</u>	<u>\$772,280</u>

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

**DELPHOS PUBLIC LIBRARY
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Delphos Public Library, Allen 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 Delphos 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.

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 financial resources except those required to be accounted for in another fund.

2. Capital Project Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects.

**DELPHOS PUBLIC LIBRARY
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Administrative Code requires budgeting for each fund annually.

1. Appropriations

The Board must annually approve appropriation measures and subsequent amendments. Budgetary expenditures (that is, disbursements and encumbrances in 2002, and disbursements for 2003 may not exceed appropriations at the fund, function, and object level of control.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) as of January 1.

3. Encumbrances

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Library did not use the encumbrance method of accounting.

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are not required to estimate resources or encumber appropriations.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

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:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$165,213	\$147,280
Certificates of deposit	675,060	625,000
Total deposits	<u>\$840,273</u>	<u>\$772,280</u>

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

**DELPHOS PUBLIC LIBRARY
ALLEN COUNTY**

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

3. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$581,900	\$519,900	(\$62,000)
Capital Projects	7,000	60,599	53,599
Total	\$588,900	\$580,499	(\$8,401)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$843,664	\$512,506	\$331,158
Capital Projects	485,920	0	485,920
Total	\$1,329,584	\$512,506	\$817,078

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$593,700	\$533,464	(\$60,236)
Capital Projects	0	485,920	485,920
Total	\$593,700	\$1,019,384	\$425,684

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$905,156	\$986,258	(\$81,102)
Capital Projects	250,000	0	250,000
Total	\$1,155,156	\$986,258	\$168,898

**DELPHOS PUBLIC LIBRARY
ALLEN 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 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. RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (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 2003 and 2002. The Library has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Commercial Insurance

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

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



**Auditor of State
Betty Montgomery**

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

Delphos Public Library
Allen County
309 West Second Street
Delphos, OH 45833

To the Board of Trustees:

We have audited the accompanying financial statements of the Delphos Public Library (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated January 27, 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 a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated January 27, 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 January 27, 2004.

This report is intended for the information and use of the 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

January 27, 2004



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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DELPHOS PUBLIC LIBRARY

ALLEN 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
FEBRUARY 10, 2004**