



**Auditor of State
Betty Montgomery**

**GERMANTOWN PUBLIC LIBRARY
MONTGOMERY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	3
Statement of Cash Receipts, Cash Disbursements, and Change in Fund Cash Balance – Nonexpendable Trust Fund - For the Year Ended December 31, 2002.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2001.....	5
Statement of Cash Receipts, Cash Disbursements, and Change in Fund Cash Balance – Nonexpendable Trust Fund - For the Year Ended December 31, 2001.....	6
Notes to the Financial Statements.....	7
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Germantown Public Library
Montgomery County
51 North Plum Street
Germantown, Ohio 45327

To the Board of Trustees:

We have audited the accompanying financial statements of the Germantown Public Library (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 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, 2002 and 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 August 21, 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.

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

August 21, 2003

**GERMANTOWN PUBLIC LIBRARY
MONTGOMERY 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>Capital Projects</u>	
Cash Receipts:			
State Income Taxes	\$856,553		\$856,553
Patron Fines and Fees	18,894		18,894
Earnings on Investments	4,375	18,948	23,323
Miscellaneous Receipts	8,802		8,802
Total Cash Receipts	<u>888,624</u>	<u>18,948</u>	<u>907,572</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	605,889		605,889
Purchased and Contracted Services	99,602		99,602
Supplies	9,804		9,804
Library Materials	127,384		127,384
Capital Outlay	11,084		11,084
Other Objects	3,933		3,933
Total Cash Disbursements	<u>857,696</u>		<u>857,696</u>
Total Cash Receipts Over Cash Disbursements	<u>30,928</u>	<u>18,948</u>	<u>49,876</u>
Fund Cash Balances, January 1	<u>253,280</u>	<u>486,103</u>	<u>739,383</u>
Fund Cash Balances, December 31	<u>\$284,208</u>	<u>\$505,051</u>	<u>\$789,259</u>
Reserves for Encumbrances, December 31	<u>\$19,358</u>	<u>\$0</u>	<u>\$19,358</u>

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

**GERMANTOWN PUBLIC LIBRARY
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Disbursements:	
Library Materials	\$315
Operating Loss	(315)
Non-Operating Cash Receipts:	
Earnings on Investments	251
Net Receipts Under Disbursements	(64)
Fund Cash Balance, January 1	10,144
Fund Cash Balance, December 31	\$10,080
Reserves for Encumbrances, December 31	\$0

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

**GERMANTOWN PUBLIC LIBRARY
MONTGOMERY 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>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
State Income Taxes	\$929,290		\$929,290
Patron Fines and Fees	18,448		18,448
Earnings on Investments	14,507	19,903	34,410
Miscellaneous Receipts	1,771		1,771
Total Cash Receipts	<u>964,016</u>	<u>19,903</u>	<u>983,919</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	568,337		568,337
Purchased and Contracted Services	97,811		97,811
Supplies	16,688		16,688
Library Materials	161,262		161,262
Capital Outlay	29,935	2,907	32,842
Other Objects	3,956		3,956
Total Cash Disbursements	<u>877,989</u>	<u>2,907</u>	<u>880,896</u>
Total Cash Receipts Over Cash Disbursements	<u>86,027</u>	<u>16,996</u>	<u>103,023</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		200,000	200,000
Transfers-Out	(200,000)		(200,000)
Total Other Financing Receipts/(Disbursements)	<u>(200,000)</u>	<u>200,000</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(113,973)	216,996	103,023
Fund Cash Balances, January 1	<u>367,253</u>	<u>269,107</u>	<u>636,360</u>
Fund Cash Balances, December 31	<u>\$253,280</u>	<u>\$486,103</u>	<u>\$739,383</u>
Reserves for Encumbrances, December 31	<u>\$48,475</u>	<u>\$0</u>	<u>\$48,475</u>

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

GERMANTOWN PUBLIC LIBRARY
MONTGOMERY COUNTY

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

	<u>Fiduciary Fund Types</u>
	<u>Nonexpendable Trust</u>
Operating Cash Disbursements:	
Library Materials	<u>\$948</u>
Operating Loss	<u>(948)</u>
Non-Operating Cash Receipts:	
Earnings on Investments	<u>1,012</u>
Net Receipts Over Disbursements	<u>64</u>
Fund Cash Balance, January 1	<u>10,080</u>
Fund Cash Balance, December 31	<u><u>\$10,144</u></u>
Reserves for Encumbrances, December 31	<u><u>\$0</u></u>

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

**GERMANTOWN PUBLIC LIBRARY
MONTGOMERY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Germantown Public Library, Montgomery 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 Valley View Local 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. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

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. 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 Fund – Consists of revenues derived from Board approved transfers from the general fund and expenditures related to equipment purchases, building and land improvements.

**GERMANTOWN PUBLIC LIBRARY
MONTGOMERY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Fund (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. The Library had the following significant fiduciary fund:

Nonexpendable AMPT and Taylor Trust Fund – Only the interest may be spent for books and reading material.

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 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 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:

	2002	2001
Demand deposits	\$661,197	\$506,547
Certificates of deposit	10,081	166,594
Total deposits	671,278	673,141
STAR Ohio	128,061	76,386
Total investments	128,061	76,386
Total deposits and investments	\$799,339	\$749,527

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.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**GERMANTOWN PUBLIC LIBRARY
MONTGOMERY COUNTY**

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

3. BUDGETARY ACTIVITY

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

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$950,281	\$888,624	(\$61,657)
Capital Projects	5,500	18,948	13,448
Fiduciary	0	251	251
Total	\$955,781	\$907,823	(\$47,958)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$885,966	\$877,054	\$8,912
Capital Projects	100,000	0	100,000
Fiduciary	1,000	315	685
Total	\$986,966	\$877,369	\$109,597

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$955,304	\$964,016	\$8,712
Capital Projects	5,600	219,903	214,303
Fiduciary	0	1,012	1,012
Total	\$960,904	\$1,184,931	\$224,027

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,178,121	\$1,126,464	\$51,657
Capital Projects	3,000	2,907	93
Fiduciary	1,000	948	52
Total	\$1,182,121	\$1,130,319	\$51,802

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.

**GERMANTOWN PUBLIC LIBRARY
MONTGOMERY COUNTY**

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

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 2001 and 2002. The Library has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

Commercial Insurance

The Germantown 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***

Germantown Public Library
Montgomery County
51 North Plum Street
Germantown, Ohio 45327

To the Board of Trustees:

We have audited the accompanying financial statements of the Germantown Public Library (the Library) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 21, 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.

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

August 21, 2003



**Auditor of State
Betty Montgomery**

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GERMANTOWN PUBLIC LIBRARY

MONTGOMERY 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
SEPTEMBER 16, 2003**