



**Auditor of State
Betty Montgomery**

MARY L. COOK PUBLIC LIBRARY
WARREN COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Mary L. Cook Public Library
Warren County
381 Old Stage Road
Waynesville, Ohio 45068

To the Board of Trustees:

We have audited the accompanying financial statements of the Mary L. Cook Public Library, Warren County, Ohio (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 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 May 12, 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 management, 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

May 12, 2003

**MARY L. COOK PUBLIC LIBRARY
WARREN 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**

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts:			
State Library and Government Support Fund	\$660,349	\$0	\$660,349
Patron Fines and Fees	30,033	0	30,033
Earnings on Investments	2,497	15,545	18,042
Contributions, Gifts and Donations	3,908	18,982	22,890
Miscellaneous Receipts	166	2	168
 Total Cash Receipts	 696,953	 34,529	 731,482
Cash Disbursements:			
Current:			
Salaries and Benefits	378,424	0	378,424
Purchased and Contracted Services	158,623	78,474	237,097
Other Objects	20,530	155	20,685
Capital Outlay	8,659	11,792	20,451
 Total Cash Disbursements	 566,236	 90,421	 656,657
Total Cash Receipts Over/(Under) Cash Disbursements	130,717	(55,892)	74,825
Other Financing Receipts/(Disbursements):			
Transfers-In	0	150,000	150,000
Transfers-Out	(150,000)	0	(150,000)
 Total Other Financing Receipts/(Disbursements)	 (150,000)	 150,000	 0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(19,283)	94,108	74,825
Fund Cash Balances, January 1	240,496	785,245	1,025,741
Fund Cash Balances, December 31	\$221,213	\$879,353	\$1,100,566
Reserves for Encumbrances, December 31	\$15,276	\$7,500	\$22,776

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

**MARY L. COOK PUBLIC LIBRARY
WARREN 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**

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts:			
State Library and Government Support Fund	\$722,517	\$0	\$722,517
Patron Fines and Fees	27,428	0	27,428
Earnings on Investments	12,218	26,573	38,791
Contributions, Gifts and Donations	1,775	0	1,775
Miscellaneous Receipts	123	0	123
 Total Cash Receipts	 764,061	 26,573	 790,634
Cash Disbursements:			
Current:			
Salaries and Benefits	365,759	0	365,759
Purchased and Contracted Services	172,905	27,255	200,160
Other Objects	25,845	3,208	29,053
Capital Outlay	29,460	15,895	45,355
 Total Cash Disbursements	 593,969	 46,358	 640,327
 Total Cash Receipts Over/(Under) Cash Disbursements	 170,092	 (19,785)	 150,307
Other Financing Receipts/(Disbursements):			
Transfers-In	0	290,000	290,000
Transfers-Out	(290,000)	0	(290,000)
 Total Other Financing Receipts/(Disbursements)	 (290,000)	 290,000	 0
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (119,908)	 270,215	 150,307
 Fund Cash Balances, January 1	 360,404	 515,030	 875,434
 Fund Cash Balances, December 31	 \$240,496	 \$785,245	 \$1,025,741
 Reserves for Encumbrances, December 31	 \$11,312	 \$9,740	 \$21,052

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

**MARY L. COOK PUBLIC LIBRARY
WARREN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Mary L. Cook Public Library, Warren County, Ohio (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 Wayne Local School Board. 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, and U.S. Treasury Notes 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

This fund is used to account for disbursements for the construction and maintenance of the building.

**MARY L. COOK PUBLIC LIBRARY
WARREN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 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	\$26,173	\$23,479
Certificates of deposit	22,820	22,021
Total deposits	48,993	45,500
STAR Ohio	795,385	821,179
Money Market Mutual Funds	105,020	74,135
Milestone Treasury Obligations	151,168	84,927
Total investments	1,051,573	980,241
Total deposits and investments	\$1,100,566	\$1,025,741

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

Investments: U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities. Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

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.

**MARY L. COOK PUBLIC LIBRARY
WARREN 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 Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$869,313	\$731,512	\$137,801
Capital Projects	942,740	97,921	844,819
Total	\$1,812,053	\$829,433	\$982,620

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,076,511	\$895,281	\$181,230
Capital Projects	778,675	56,098	722,577
Total	\$1,855,186	\$951,379	\$903,807

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.

**MARY L. COOK PUBLIC LIBRARY
WARREN 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. The Library has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

Commercial Insurance

The Mary L. Cook 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**

Mary L. Cook Public Library
Warren County
381 Old Stage Road
Waynesville, Ohio 45068

To the Board of Trustees:

We have audited the accompanying financial statements of the Mary L. Cook Public Library, Warren County, Ohio (the Library), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 12, 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*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated May 12, 2003.

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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated May 12, 2003.

Mary L. Cook Public Library
Warren 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 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 12, 2003



**Auditor of State
Betty Montgomery**

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MARY L. COOK PUBLIC LIBRARY

WARREN 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 12, 2003**