



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

RITTER PUBLIC LIBRARY
ERIE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Ritter Public Library
Erie County
5680 Liberty Avenue
Vermilion, Ohio 44089-1198

To the Board of Trustees:

We have audited the accompanying financial statements of Ritter Public Library (the Library) as of and for the years ended December 31, 2001 and 2000. 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 audits.

We conducted our audits 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 audits 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 audits provide 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, 2001 and 2000, 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 March 4, 2002 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 audits.

Ritter Public Library
Erie County
Report of Independent Accountants
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This report is intended solely for the information and use of 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.

Jim Petro
Auditor of State

March 4, 2002

**RITTER PUBLIC LIBRARY
ERIE COUNTY**

**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, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$909,514			\$909,514
Patron Fines and Fees	31,530			31,530
Earnings on Investments	148,614		\$3,209	\$151,823
Contributions, Gifts and Donations	3,354			3,354
Miscellaneous Receipts	4,337			4,337
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	1,097,349		3,209	1,100,558
Cash Disbursements:				
Current:				
Salaries and Benefits	455,575			455,575
Supplies	28,132			28,132
Purchased and Contracted Services	175,605			175,605
Library Materials and Information	184,326		6,909	191,235
Other Objects	7,047			7,047
Capital Outlay	23,535			23,535
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	874,220		6,909	881,129
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	223,129		(3,700)	219,429
Other Financing Receipts/(Disbursements):				
Transfers-In		\$50,000		50,000
Transfers-Out	(50,000)			(50,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(50,000)	50,000		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements				
	173,129	50,000	(3,700)	219,429
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	564,983	1,702,778	53,343	2,321,104
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$738,112	\$1,752,778	\$49,643	\$2,540,533
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserves for Encumbrances, December 31	\$36,815	\$13,000	\$2,037	\$51,852
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The notes to the financial statements are an integral part of this statement.

**RITTER PUBLIC LIBRARY
ERIE COUNTY**

**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, 2000**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$906,489			\$906,489
Other Government Grants-In-Aid	1,708			1,708
Patron Fines and Fees	32,002			32,002
Earnings on Investments	174,957		\$3,050	178,007
Contributions, Gifts and Donations	1,656			1,656
Miscellaneous Receipts	3,928			3,928
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	1,120,740		3,050	1,123,790
Cash Disbursements:				
Current:				
Salaries and Benefits	448,069			448,069
Supplies	30,037			30,037
Purchased and Contracted Services	160,533			160,533
Library Materials and Information	175,759		2,031	177,790
Other Objects	7,699			7,699
Capital Outlay	40,079	\$5,329		45,408
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	862,176	5,329	2,031	869,536
Total Cash Receipts Over/(Under) Cash Disbursements	258,564	(5,329)	1,019	254,254
Other Financing Receipts/(Disbursements):				
Transfers-In		125,000		125,000
Transfers-Out	(125,000)			(125,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(125,000)	125,000		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	133,564	119,671	1,019	254,254
Fund Cash Balances, January 1	431,419	1,583,107	52,324	2,066,850
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$564,983	\$1,702,778	\$53,343	\$2,321,104
	<hr/>	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$21,760	\$13,000	\$5,083	\$39,843
	<hr/>	<hr/>	<hr/>	<hr/>

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

**RITTER PUBLIC LIBRARY
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ritter Public Library, Erie 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 local 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 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 investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following significant capital projects fund:

Building Fund - Receives transfers from the General Fund. Funds are being accumulated for future expansion of the Library.

**RITTER PUBLIC LIBRARY
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(Continued)**

3. Fiduciary Funds (Trust and Agency 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 the following significant fiduciary fund:

Endowment Fund - Funds received through bequests that are restricted for the acquisition of books by the Library.

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. 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.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash 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 carried over, and need not be reappropriated.

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 2001 and 2000 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.

**RITTER PUBLIC LIBRARY
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investment 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:

Cash on hand	\$445	\$445
Demand deposits	522,051	201,700
Certificates of deposit	<u> </u>	<u>1,431,371</u>
Total deposits and cash on hand	522,496	1,633,516
 STAR Ohio	 <u>2,018,037</u>	 <u>687,588</u>
 Total deposits and investments	 <u><u>\$2,540,533</u></u>	 <u><u>\$2,321,104</u></u>

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, 2001 and 2000 follows:

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,041,628	\$961,035	\$80,593
Capital Projects	13,000	13,000	
Fiduciary	10,083	8,946	1,137
Total	<u><u>\$1,064,711</u></u>	<u><u>\$982,981</u></u>	<u><u>\$81,730</u></u>

2001 Budgeted vs. Actual Receipts			
	Budgeted Receipts	Actual Receipts	Variance
General	\$1,024,794	\$1,120,740	\$95,946
Capital Projects		125,000	125,000
Fiduciary	2,900	3,050	150
Total	<u><u>\$1,027,694</u></u>	<u><u>\$1,248,790</u></u>	<u><u>\$221,096</u></u>

**RITTER PUBLIC LIBRARY
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,128,189	\$1,008,936	\$119,253
Capital Projects	24,600	18,329	6,271
Fiduciary	12,030	7,114	4,916
Total	\$1,164,819	\$1,034,379	\$130,440

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. DEBT

In 1992, the Board of Trustees of the Ritter Public Library submitted to the Vermilion Local School District Board of Education a property tax levy to be used for improvements to the Library. The Board of Education serves as the taxing authority and issues tax related debt on behalf of the Library, although their role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Library Trustees.

With approval of the levy, the Board of Education issued District general obligation bonds, in the amount of \$1,600,000 in 1993 for Library improvements. The bonds will be paid from proceeds of the property tax levy. This debt is not an obligation of the Library, however, it is a liability of the Board of Education and is reflected on their financial records.

**RITTER PUBLIC LIBRARY
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(Continued)**

6. 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 also prescribed by the Ohio Revised Code. For 2001 and 2000, 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 from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Library has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

Commercial Insurance

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

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

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

Ritter Public Library
Erie County
5680 Liberty Avenue
Vermilion, Ohio 44089

To the Board of Trustees:

We have audited the accompanying financial statements of the Ritter Public Library (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 4, 2002. We conducted our audits 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 audits 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 audits, 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 4, 2002.

Ritter Public Library
Erie County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 4, 2002

**RITTER PUBLIC LIBRARY
ERIE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-00522-001	Ohio Revised Code § 135.12, failure to properly designate public depository	Yes	Finding No Longer Valid
1999-00522-002	Ritter Public Library, Annual Appropriation Resolution (1999), expenditures in excess of amounts appropriated	Yes	Finding No Longer Valid



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OFFICE OF THE AUDITOR

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RITTER PUBLIC LIBRARY

ERIE 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 2, 2002**