



**Auditor of State
Betty Montgomery**

**ASHTABULA COUNTY DISTRICT LIBRARY
ASHTABULA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Ashtabula County District Library
Ashtabula County
335 W. 44th Street
Ashtabula, Ohio 44004

To the Board of Trustees:

We have audited the accompanying financial statements of the Ashtabula County District 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 October 29, 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.

Ashtabula County District Library
Ashtabula County
Independent Accountants' Report
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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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

October 29, 2003

**ASHTABULA COUNTY DISTRICT LIBRARY
ASHTABULA 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:					
Property and Other Local Taxes	\$1,626,805	\$0	\$0	\$0	\$1,626,805
Patron Fines and Fees	37,733				37,733
Earnings on Investments	18,677		18,442	1,583	38,702
Contributions, Gifts and Donations	6,403				6,403
Miscellaneous Receipts	64,367				64,367
Total Cash Receipts	<u>1,753,985</u>	<u>0</u>	<u>18,442</u>	<u>1,583</u>	<u>1,774,010</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	951,597				951,597
Purchased and Contracted Services	247,819				247,819
Library Materials and Information	236,695				236,695
Supplies	44,873				44,873
Other Objects	16,711				16,711
Capital Outlay	46,776	2,847			49,623
Total Cash Disbursements	<u>1,544,471</u>	<u>2,847</u>	<u>0</u>	<u>0</u>	<u>1,547,318</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>209,514</u>	<u>(2,847)</u>	<u>18,442</u>	<u>1,583</u>	<u>226,692</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	470,562		1,946,234		2,416,796
Transfers-Out	(1,641,855)		(774,941)		(2,416,796)
Total Other Financing Receipts/(Disbursements)	<u>(1,171,293)</u>	<u>0</u>	<u>1,171,293</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(961,779)	(2,847)	1,189,735	1,583	226,692
Fund Cash Balances, January 1	1,161,137	2,847	655,650	49,782	1,869,416
Fund Cash Balances, December 31	<u>\$199,358</u>	<u>\$0</u>	<u>\$1,845,385</u>	<u>\$51,365</u>	<u>\$2,096,108</u>
Reserves for Encumbrances, December 31	<u>\$69,132</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$69,132</u>

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

**ASHTABULA COUNTY DISTRICT LIBRARY
ASHTABULA COUNTY**

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

	Fiduciary Fund Types	
	Nonexpendable Trust	
Non-Operating Cash Receipts:		
Earnings on Investments		\$0
Non-Operating Cash Disbursements:		
Other Non-Operating Disbursements		0
Net Receipts Over/(Under) Disbursements		0
Fund Cash Balances, January 1		13,271
Fund Cash Balances, December 31		\$13,271

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

**ASHTABULA COUNTY DISTRICT LIBRARY
ASHTABULA 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, 2001**

	<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:					
Property and Other Local Taxes	\$1,764,134	\$0	\$0	\$0	\$1,764,134
Intergovernmental		36,716			36,716
Patron Fines and Fees	33,136				33,136
Earnings on Investments	44,170		49,069	967	94,206
Contributions, Gifts and Donations	6,180				6,180
Miscellaneous Receipts	53,675				53,675
Total Cash Receipts	<u>1,901,295</u>	<u>36,716</u>	<u>49,069</u>	<u>967</u>	<u>1,988,047</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	854,062				854,062
Purchased and Contracted Services	490,099				490,099
Library Materials and Information	271,815				271,815
Supplies	46,033				46,033
Other Objects	15,591				15,591
Capital Outlay	50,563	33,869			84,432
Total Cash Disbursements	<u>1,728,163</u>	<u>33,869</u>	<u>0</u>	<u>0</u>	<u>1,762,032</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>173,132</u>	<u>2,847</u>	<u>49,069</u>	<u>967</u>	<u>226,015</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	10,000		53,462	48,815	112,277
Transfers-Out	(50,211)		(62,066)		(112,277)
Total Other Financing Receipts/(Disbursements)	<u>(40,211)</u>	<u>0</u>	<u>(8,604)</u>	<u>48,815</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>132,921</u>	<u>2,847</u>	<u>40,465</u>	<u>49,782</u>	<u>226,015</u>
Fund Cash Balances, January 1	<u>1,028,216</u>		<u>615,185</u>		<u>1,643,401</u>
Fund Cash Balances, December 31	<u>\$1,161,137</u>	<u>\$2,847</u>	<u>\$655,650</u>	<u>\$49,782</u>	<u>\$1,869,416</u>
Reserves for Encumbrances, December 31	<u>\$29,157</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$29,157</u>

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

**ASHTABULA COUNTY DISTRICT LIBRARY
ASHTABULA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Fiduciary Fund Types
	Nonexpendable Trust
Non-Operating Cash Receipts:	
Earnings on Investments	\$1,241
Non-Operating Cash Disbursements:	
Other Non-Operating Disbursements	0
Net Receipts Over/(Under) Disbursements	1,241
Fund Cash Balances, January 1	12,030
Fund Cash Balances, December 31	\$13,271

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

**ASHTABULA COUNTY DISTRICT LIBRARY
ASHTABULA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ashtabula County District Library, Ashtabula 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. Ashtabula County District Library is a county library district, one of six types of public libraries in Ohio. The District Library system, established in 1953, had its beginnings in 1813 as the Ashtabula Social Library Association.

The Library is directed by a seven-member Board of Trustees appointed to staggered seven year terms with three appointed by the common pleas judge and four appointed by the county commissioners with one term expiring every May 17. The Trustees function as an independent Board subject to the Ohio Revised Code, although the Library does not have the authority to levy taxes or issue bonds. This must be done through the various taxing authorities that comprise the Library District: the county commissioners for the county library district, and/or a local taxing authority such as a school board, village or township, if those respective areas are included within the District.

The Library provides the community with various educational and literary resources. Services include telephone references, literacy program, talking books, inter-library loan, rental of video tapes, public meeting rooms, and photocopying. The Library also offers a bookmobile service which serves the county residents in those areas not covered by local libraries.

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, Repurchase Agreements and Federal Home Loan securities are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**ASHTABULA COUNTY DISTRICT LIBRARY
ASHTABULA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 one significant Special Revenue Fund:

The Gates Foundation Grant was used to account for grant monies to provide computers 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 funds:

Childs Fund was established as separate fund to account for monies invested in a separate certificate of deposit.

Building Fund was used to set aside monies to build a new library.

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

Expendable Trust Fund – Johnson Trust Fund

Nonexpendable Trust Fund – Lyons Trust Fund

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 object level of control.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**ASHTABULA COUNTY DISTRICT LIBRARY
ASHTABULA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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	\$359,882	\$3,259
Certificates of deposit	327,439	483,959
Total deposits	687,321	487,218
Investments:		
Federal Home Loan	1,150,000	
STAR Ohio	88,732	1,121,198
Repurchase agreement	183,326	274,271
Total investments	1,422,058	1,395,469
Total deposits and investments	\$2,109,379	\$1,882,687

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: Federal Home Loan Bank investment is 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 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.

**ASHTABULA COUNTY DISTRICT LIBRARY
ASHTABULA 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	\$1,752,724	\$3,255,458	(\$1,502,734)
Special Revenue	0	2,847	(2,847)
Capital Projects	470,562	774,941	(304,379)
Total	\$2,223,286	\$4,033,246	(\$1,809,960)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,089,827	\$1,807,531	\$282,296
Special Revenue	0	33,869	(33,869)
Capital Projects	0	62,066	(62,066)
Total	\$2,089,827	\$1,903,466	\$186,361

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 of any additional revenues the Library receives.

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

6. RISK MANAGEMENT

Commercial Insurance

The Ashtabula County District Library has obtained commercial insurance for the following risks:

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



**Auditor of State
Betty Montgomery**

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

Ashtabula County District Library
Ashtabula County
335 W. 44th Street
Ashtabula, Ohio 44004

To the Board of Trustees:

We have audited the accompanying financial statements of the Ashtabula County District Library (the Library) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated October 29, 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. However, we noted other matters involving the internal control over financial reporting that did not require inclusion in this report, that we have reported to management of the Library in a separate letter dated October 29, 2003.

Ashtabula County District Library
Ashtabula 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

October 29, 2003



**Auditor of State
Betty Montgomery**

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ASHTABULA COUNTY DISTRICT LIBRARY

ASHTABULA 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
DECEMBER 23, 2003**