



**Auditor of State
Betty Montgomery**

**ROCK CREEK PUBLIC LIBRARY
ASHTABULA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Rock Creek Public Library
Ashtabula County
2988 High St. P.O. Box 297
Rock Creek, Ohio 44084-0297

To the Board of Trustees:

We have audited the accompanying financial statements of the Rock Creek Public Library, Ashtabula County, (the Library) as of and for the years ended December 31, 2002 and December 31, 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 of the Library as of December 31, 2002 and December 31, 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 April 23, 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 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

April 23, 2003

**ROCK CREEK PUBLIC 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>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Other Government Grants-In-Aid	\$169,852			\$169,852
Patron Fines and Fees	11,534			11,534
Earnings on Investments	526		3,831	4,357
Contributions, Gifts and Donations	782			782
Miscellaneous Receipts	3,544			3,544
Total Cash Receipts	<u>186,238</u>	<u>0</u>	<u>3,831</u>	<u>190,069</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	96,460			96,460
Library Materials and Information	47,291			47,291
Purchased and Contracted Services	25,441			25,441
Supplies	4,927			4,927
Other Objects	2,848			2,848
Capital Outlay	179			179
Total Cash Disbursements	<u>177,146</u>	<u>0</u>	<u>0</u>	<u>177,146</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>9,092</u>	<u>0</u>	<u>3,831</u>	<u>12,923</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		6,000		6,000
Transfers-Out	(6,000)			(6,000)
Other Financing Uses			(375)	(375)
Total Other Financing Receipts/(Disbursements)	<u>(6,000)</u>	<u>6,000</u>	<u>(375)</u>	<u>(375)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>3,092</u>	<u>6,000</u>	<u>3,456</u>	<u>12,548</u>
Fund Cash Balances, January 1	<u>38,894</u>	<u>24,948</u>	<u>45,523</u>	<u>109,365</u>
Fund Cash Balances, December 31	<u>\$41,986</u>	<u>\$30,948</u>	<u>\$48,979</u>	<u>\$121,913</u>

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

ROCK CREEK PUBLIC LIBRARY
ASHTABULA COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002

	Fiduciary Fund Type
	Non-Expendable Trust
Operating Cash Receipts:	
Earnings on Investments	\$50
Operating Cash Disbursements:	
Current:	
Library Materials and Information	50
Operating Income/(Loss)	0
 Fund Cash Balances, January 1	 1,061
Fund Cash Balances, December 31	\$1,061

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

**ROCK CREEK PUBLIC 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>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Other Government Grants-In-Aid	\$184,190			\$184,190
Patron Fines and Fees	11,736			11,736
Earnings on Investments	860		4,438	5,298
Intergovernmental		18,358		18,358
Contributions, Gifts and Donations	880			880
Miscellaneous Receipts	239			239
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	197,905	18,358	4,438	220,701
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
Salaries and Benefits	93,235			93,235
Supplies	8,272			8,272
Purchased and Contracted Services	33,028			33,028
Library Materials and Information	53,320			53,320
Other Objects	1,203			1,203
Capital Outlay	2,225	18,358		20,583
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	191,283	18,358	0	209,641
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	6,622	0	4,438	11,060
	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing Receipts/(Disbursements):				
Transfers In		6,000		6,000
Transfers Out	(6,000)			(6,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(6,000)	6,000	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	622	6,000	4,438	11,060
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	38,272	18,948	41,085	98,305
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$38,894	\$24,948	\$45,523	\$109,365
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The notes to the financial statements are an integral part of this statement.

**ROCK CREEK PUBLIC LIBRARY
ASHTABULA COUNTY**

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

	Fiduciary Fund Type
	Non-Expendable Trust
Operating Cash Receipts:	
Earnings on Investments	\$60
Operating Cash Disbursements:	
Current:	
Library Materials and Information	60
Operating Income/(Loss)	0
 Fund Cash Balances, January 1	 1,061
Fund Cash Balances, December 31	\$1,061

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

**ROCK CREEK PUBLIC LIBRARY
ASHTABULA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Rock Creek Public 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. The Library is directed by a seven-member Board of Trustees appointed by each other. The Library provides the community with various educational and literary resources.

The Library's district consists of the Rock Creek Area, however free service is offered to all county residents. There are seven other independent library districts in Ashtabula County, all of which issue their own financial statements.

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.

Certificate of Deposits are valued at cost. Stocks are either valued at cost or fair value when donated.

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies it's fund 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.

**ROCK CREEK PUBLIC LIBRARY
ASHTABULA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Capital Projects

This fund is 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 capital project fund:

Building and Repair Fund: This fund receives monies from the General Fund via transfers and from the Bill Gates Foundation.

3. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted to 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:

Swan Expendable Trust Fund - Monies (stock) donated for the purpose of erecting a building for library purposes and maintenance.

Masirovits Nonexpendable Trust Fund – Monies donated whereby the interest earned is to be used to buy children's books.

E. Budgetary Process

The Board annually approves appropriation measures and subsequent amendments. Budgetary expenditures should not exceed appropriations at the fund function 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.

**ROCK CREEK PUBLIC LIBRARY
ASHTABULA COUNTY**

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

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	\$72,933	\$63,843
Certificates of deposit	6,514	6,514
Total deposits	79,447	70,357
Investment:		
Stock at Cost (See below for fair value)	43,527	40,069
Total deposits and investments	\$122,974	\$110,426

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: Stock certificates were donated to the Library's Swan Trust Fund (Nonexpendable Trust). These investments are reported in the financial statements at the fair value on the date of donation. Stock dividends are reported at the fair value on the dividend distribution date. The fair value of the stock as of 12/31/02 and 12/31/01 are listed below:

<u>Company</u>	<u>Number of Shares</u>	<u>\$ Per Share</u>	<u>12/31/2002</u>
AT & T	39.4210	26.11	\$3,185.42
Lucent	39	6.30	245.70
SBC	3127.342	27.11	84,782.24
Comcast	63	23.57	<u>1,484.91</u>
Total			\$89,698.27

<u>Company</u>	<u>Number of Shares</u>	<u>\$ Per Share</u>	<u>12/31/2001</u>
AT & T	122	18.14	\$ 2,213.08
Lucent	39	1.26	49.14
SBC	3049.24	39.17	119,438.73
AT & T Wireless	62	14.37	<u>890.94</u>
Total			\$122,591.89

**ROCK CREEK PUBLIC 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	\$229,221	\$183,146	\$46,075
Capital Projects	6,000	0	6,000
Fiduciary	85	425	(340)
Total	<u>\$235,306</u>	<u>\$183,571</u>	<u>\$51,735</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$234,136	\$197,283	\$36,853
Capital Projects	6,000	18,358	(12,358)
Fiduciary	85	60	25
Total	<u>\$240,221</u>	<u>\$215,701</u>	<u>\$24,520</u>

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 any additional revenues the Library receives.

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 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. All of the Library's employees were covered by PERS.

7. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

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

The Library also provides health insurance and dental and vision coverage to full-time employees through a private carrier.



**Auditor of State
Betty Montgomery**

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

Rock Creek Public Library
Ashtabula County
2988 High St. P.O. Box 297
Rock Creek, Ohio 44084-0297

To the Board of Trustees:

We have audited the accompanying financial statements of Rock Creek Public Library, Ashtabula County, (the Library) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 23, 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 one matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the Library in a separate letter dated April 23, 2003.

Rock Creek Public 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

April 23, 2003



**Auditor of State
Betty Montgomery**

88 East Broad Street
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Columbus, Ohio 43216-1140
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800-282-0370
Facsimile 614-466-4490

ROCK CREEK PUBLIC 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
JUNE 26, 2003**