



**Auditor of State
Betty Montgomery**

**CARNEGIE PUBLIC LIBRARY
FAYETTE COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Carnegie Public Library
Fayette County
127 South North Street
Washington Courthouse, Ohio 43160

To the Board of Trustees:

We have audited the accompanying financial statements of the Carnegie Public Library, Fayette 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 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 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 the audit committee, 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

**CARNEGIE PUBLIC LIBRARY
FAYETTE 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:			
Government Grants-In-Aid	\$1,048,680	\$0	\$1,048,680
Patron Fines and Fees	17,662		17,662
Earnings on Investments	25,391		25,391
Contributions, Gifts and Donations	468		468
Miscellaneous Receipts	7,041		7,041
 Total Cash Receipts	 1,099,242	 0	 1,099,242
Cash Disbursements:			
Current:			
Salaries and Benefits	597,032		597,032
Purchased and Contracted Services	142,735		142,735
Library Materials and Information	135,570		135,570
Supplies	26,417		26,417
Other Objects	17,468		17,468
Capital Outlay	46,302	337,474	383,776
 Total Cash Disbursements	 965,524	 337,474	 1,302,998
 Total Cash Receipts Over/(Under) Cash Disbursements	 133,718	 (337,474)	 (203,756)
Other Financing Receipts/(Disbursements):			
Proceeds from Sales of Property	4,835		4,835
Transfers-In		150,000	150,000
Transfers-Out	(150,000)		(150,000)
 Total Other Financing Receipts/(Disbursements)	 (145,165)	 150,000	 4,835
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (11,447)	 (187,474)	 (198,921)
 Fund Cash Balances, January 1	 375,143	 478,222	 853,365
 Fund Cash Balances, December 31	 \$363,696	 \$290,748	 \$654,444
 Reserves for Encumbrances, December 31	 \$59,245	 \$72,780	 \$132,025

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

**CARNEGIE PUBLIC LIBRARY
FAYETTE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Nonexpendable Trust	Agency	Totals (Memorandum Only)
Operating Cash Receipts:			
Total Operating Cash Receipts	\$0	\$0	\$0
Operating Cash Disbursements:			
Total Operating Cash Disbursements	0	0	0
Operating Income	0	0	0
Non-Operating Cash Receipts:			
Other Non-Operating Receipts		44,365	44,365
Total Non-Operating Cash Receipts	0	44,365	44,365
Net Receipts Over Disbursements	0	44,365	44,365
Fund Cash Balances, January 1	10,000	0	10,000
Fund Cash Balances, December 31	\$10,000	\$44,365	\$54,365

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

**CARNEGIE PUBLIC LIBRARY
FAYETTE 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:			
Government Grants-In-Aid	\$1,100,000	\$0	\$1,100,000
Patron Fines and Fees	15,081		15,081
Earnings on Investments	39,082		39,082
Contributions, Gifts and Donations	26,756		26,756
Miscellaneous Receipts	8,137		8,137
 Total Cash Receipts	 1,189,056	 0	 1,189,056
Cash Disbursements:			
Current:			
Salaries and Benefits	542,503		542,503
Purchased and Contracted Services	99,919		99,919
Library Materials and Information	129,196		129,196
Supplies	26,899		26,899
Other Objects	16,797		16,797
Capital Outlay	115,028	14,872	129,900
 Total Cash Disbursements	 930,342	 14,872	 945,214
Total Cash Receipts Over/(Under) Cash Disbursements	258,714	(14,872)	243,842
Other Financing Receipts/(Disbursements):			
Transfers-In		150,000	150,000
Transfers-Out	(150,000)		(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	108,714	135,128	243,842
Fund Cash Balances, January 1	266,429	343,094	609,523
Fund Cash Balances, December 31	\$375,143	\$478,222	\$853,365
Reserves for Encumbrances, December 31	\$20,577	\$0	\$20,577

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

**CARNEGIE PUBLIC LIBRARY
FAYETTE COUNTY**

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

Operating Cash Receipts:	
Total Operating Cash Receipts	<u>\$0</u>
Operating Cash Disbursements:	
Total Operating Cash Disbursements	<u>0</u>
Operating Income	<u>0</u>
Fund Cash Balances, January 1	<u>10,000</u>
Fund Cash Balances, December 31	<u><u>\$10,000</u></u>

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

**CARNEGIE PUBLIC LIBRARY
FAYETTE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Carnegie Public Library, Fayette 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 six-member Board of Trustees appointed by the City of Washington. 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 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 and Improvements Fund – Periodically receives money from the General Fund and disburses these funds for the purpose of construction projects.

**CARNEGIE PUBLIC LIBRARY
FAYETTE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds (Nonexpendable 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. Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had the following significant fiduciary funds:

Nonexpendable Trust Fund

Established to account for the principal of an endowment, the annual income of which is received and deposited into the General Fund.

Agency Fund

An escrow fund set up for retainage due the contractor for the construction of the Jeffersonville branch. This fund was closed in February 2003.

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. Although, the Library is not required to encumber, the Library has implemented encumbrance procedures as a measure of controlling expenditures.

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.

**CARNEGIE PUBLIC LIBRARY
FAYETTE 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	\$101,536	\$122,002
Certificates of deposit	10,000	10,000
Total deposits	111,536	132,002
STAR Ohio	597,273	731,363
Total investments	597,273	731,363
Total deposits and investments	\$708,809	\$863,365

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 and mutual funds are not evidenced by securities that exist in physical or book-entry form.

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	\$1,563,021	\$1,174,769	\$388,252
Capital Projects	478,222	410,254	67,968
Total	\$2,041,243	\$1,585,023	\$456,220

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,415,729	\$1,100,919	\$314,810
Capital Projects	343,094	14,872	328,222
Total	\$1,758,823	\$1,115,791	\$643,032

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.

**CARNEGIE PUBLIC LIBRARY
FAYETTE 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 2002 and 2001.

6. RISK MANAGEMENT

Commercial Insurance

The Carnegie 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**

Carnegie Public Library
Fayette County
127 South North Street
Washington Courthouse, Ohio 43160

To the Board of Trustees:

We have audited the accompanying financial statements of the Carnegie Public Library, Fayette 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.

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.

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

May 12, 2003



**Auditor of State
Betty Montgomery**

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CARNEGIE PUBLIC LIBRARY

FAYETTE 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 3, 2003**