



**Auditor of State  
Betty Montgomery**



PAULDING COUNTY CARNEGIE LIBRARY  
PAULDING COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Paulding County Carnegie Library  
Paulding County  
205 South Main Street  
Paulding, Ohio 45879-1492

To the Board of Trustees:

We have audited the accompanying financial statements of the Paulding County Carnegie Library, Paulding County, (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 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, 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 June 20, 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 audits.

Paulding County Carnegie Library  
Paulding County  
Independent Accountants' Report  
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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 § 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

June 20, 2003

**PAULDING COUNTY CARNEGIE LIBRARY  
PAULDING 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**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Other Government Grants-In-Aid	\$803,194			\$803,194
Patron Fines and Fees	6,701			6,701
Earnings on Investments	23,062			23,062
Contributions, Gifts and Donations	63,541			63,541
Miscellaneous Receipts	15,544			15,544
Total Cash Receipts	<u>912,042</u>			<u>912,042</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	558,555			558,555
Purchased and Contracted Services	106,051	\$3,021		109,072
Supplies	23,189	5,664		28,853
Library Materials and Information	69,661			69,661
Other Objects	15,896			15,896
Capital Outlay	34,901			34,901
Total Cash Disbursements	<u>808,253</u>	<u>8,685</u>		<u>816,938</u>
Total Cash Receipts Over/ (Under) Cash Disbursements	103,789	(8,685)		95,104
Fund Cash Balances, January 1	<u>892,557</u>	<u>8,685</u>	<u>\$3,160</u>	<u>904,402</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$996,346</u></b>	<b><u>8,685</u></b>	<b><u>\$3,160</u></b>	<b><u>\$999,506</u></b>
Reserves for Encumbrances, December 31	<u>\$70,526</u>			<u>\$70,526</u>

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

**PAULDING COUNTY CARNEGIE LIBRARY  
PAULDING 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**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Other Government Grants-In-Aid	\$763,729	\$56,302		\$820,031
Patron Fines and Fees	8,227			8,227
Earnings on Investments	33,842			33,842
Contributions, Gifts and Donations	76,396			76,396
Miscellaneous Receipts	14,465			14,465
Total Cash Receipts	<u>896,659</u>	<u>56,302</u>		<u>952,961</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	547,752			547,752
Purchased and Contracted Services	101,488	6,880		108,368
Supplies	26,038	25,460		51,498
Library Materials and Information	67,172			67,172
Other Objects	5,647			5,647
Capital Outlay	125,368	15,277		140,645
Total Cash Disbursements	<u>873,465</u>	<u>47,617</u>		<u>921,082</u>
Total Cash Receipts Over Cash Disbursements	23,194	8,685		31,879
Fund Cash Balances, January 1	<u>869,363</u>		<u>\$3,160</u>	<u>872,523</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$892,557</u></b>	<b><u>\$8,685</u></b>	<b><u>\$3,160</u></b>	<b><u>\$904,402</u></b>
Reserves for Encumbrances, December 31	<u>\$99,495</u>			<u>\$99,495</u>

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



**PAULDING COUNTY CARNEGIE LIBRARY  
PAULDING COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Paulding County Carnegie Library, Paulding 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 six-member Board of Trustees appointed by the Paulding County Court of Common Pleas. 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 recorded at share values 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. 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 the following significant Special Revenue Fund:

**PAULDING COUNTY CARNEGIE LIBRARY  
PAULDING COUNTY**

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

*LSTA Grant Fund* – This fund received and disbursed federal grant monies for updates to the library’s circulation and reference computer system.

**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 fund:

*Permanent Improvement Fund* – This fund received a transfer, in the past, from the General Fund for the various construction and improvement projects.

**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.

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:

	<u>2002</u>	<u>2001</u>
Demand deposits	\$264,579	\$190,615
Certificates of deposit	500,933	483,945
Total deposits	<u>765,512</u>	<u>674,560</u>
STAR Ohio	233,724	229,572
Cash on Hand	<u>270</u>	<u>270</u>
Total deposits, investments, and cash on hand	<u>\$999,506</u>	<u>\$904,402</u>

**PAULDING COUNTY CARNEGIE LIBRARY  
PAULDING COUNTY**

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

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool. At December 31, 2002, \$1,302 of deposits were not insured or collateralized, contrary to Ohio law.

**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 ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,791,202	\$878,779	\$912,423
Special Revenue	8,685	8,685	
Capital Projects	3,160		3,160
Total	\$1,803,047	\$887,464	\$915,583

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,792,801	\$972,960	\$819,841
Special Revenue	56,302	47,617	8,685
Capital Projects	3,160		3,160
Total	\$1,852,263	\$1,020,577	\$831,686

**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.

**5. RETIREMENT SYSTEM**

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. OPERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees.

**PAULDING COUNTY CARNEGIE LIBRARY  
PAULDING COUNTY**

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

Contribution rates are prescribed by the Ohio Revised Code. The Library's OPERS members contributed 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries for 2002 and 2001. The Library has paid all contributions required through December 31, 2002.

**6. RISK MANAGEMENT**

The Paulding County Commissioners provide property and liability insurance for the Library through the County Risk Sharing Authority, Inc., (CORSA). The Library reimburses the County for its share of the premium. The Library has obtained commercial insurance for errors and omissions.

The Library also provides health insurance coverage to full-time employees through the County's carrier.

**7. FRIENDS OF THE LIBRARY**

The Friends of the Paulding County Carnegie Library, the Antwerp Friends of the Library, the Friends of the Payne Branch Library, Inc., and the Oakwood Library Association (the Friends), have been established to promote the Library with a certain amount of financial assistance.

The Friends organizations own the buildings in which the Branches are operated. Written agreements state the Friends are responsible for maintenance and upkeep of the buildings, including structure repair, and for providing insurance on the buildings. The Library is responsible for providing insurance on the building contents. Under these agreements, the Villages of Antwerp, Payne, and Oakwood are responsible for some of the utility costs of the Branches. In the absence of the Friends organizations, these expenses would be the responsibility of the Library.



**Auditor of State  
Betty Montgomery**

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

Paulding County Carnegie Library  
Paulding County  
205 South Main Street  
Paulding, Ohio 45879-1492

To the Board of Trustees:

We have audited the accompanying financial statements of the Paulding County Carnegie Library, Paulding County, (the Library) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 20, 2003. 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. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated June 20, 2003.

**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 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 June 20, 2003.

Paulding County Carnegie Library  
Paulding County  
Independent Accountants' Report on Compliance and on Internal  
Control Required by *Government Auditing Standards*  
Page 2

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

June 20, 2003



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
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800-282-0370  
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**PAULDING COUNTY CARNEGIE LIBRARY**

**PAULDING 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  
JULY 29, 2003**