



**Auditor of State  
Betty Montgomery**



**CARROLL COUNTY DISTRICT LIBRARY  
CARROLL COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Carroll County District Library  
Carroll County  
3131 Explorer Road SW  
Carrollton, Ohio 44615

To the Board of Trustees:

We have audited the accompanying financial statements of the Carroll County District Library, Carroll County, Ohio (the Library) as of and for the years ended December 31, 2003 and 2002. 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.

The Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

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 Carroll County District Library, Carroll County, Ohio, as of December 31, 2003 and 2002, 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 December 10, 2004 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

December 10, 2004

**CARROLL COUNTY DISTRICT LIBRARY  
CARROLL 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, 2003**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Library and Local Government Support	\$717,197			\$717,197
Patron Fines and Fees	23,929			23,929
Earnings on Investments	14,564			14,564
Intergovernmental	17,744			17,744
Contributions, Gifts and Donations	837	\$155		992
Miscellaneous Receipts	803			803
<b>Total Cash Receipts</b>	<b>775,074</b>	<b>155</b>		<b>775,229</b>
<b>Cash Disbursements:</b>				
Current:				
Salaries	353,003			353,003
Employee Fringe Benefits	94,129			94,129
Purchased and Contracted Services	58,753			58,753
Library Materials and Information	128,655			128,655
Supplies	27,118			27,118
Other	10,631			10,631
Capital Outlay	11,678			11,678
<b>Total Cash Disbursements</b>	<b>683,967</b>			<b>683,967</b>
Total Cash Receipts Over/(Under) Cash Disbursements	91,107	155		91,262
Fund Cash Balances, January 1	995,942	31,152	\$386	1,027,480
<b>Fund Cash Balances, December 31</b>	<b>\$1,087,049</b>	<b>\$31,307</b>	<b>\$386</b>	<b>\$1,118,742</b>

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

CARROLL COUNTY DISTRICT LIBRARY  
CARROLL 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**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>					
Library and Local Government Support	\$724,608				\$724,608
Patron Fines and Fees	23,213				23,213
Earnings on Investments	22,678				22,678
Intergovernmental	3,100				3,100
Contributions, Gifts and Donations	724		\$699		1,423
Miscellaneous Receipts	1,858				1,858
<b>Total Cash Receipts</b>	<b>776,181</b>		<b>699</b>		<b>776,880</b>
<b>Cash Disbursements:</b>					
Current:					
Salaries	356,171				356,171
Employee Fringe Benefits	89,460				89,460
Purchased and Contracted Services	70,304				70,304
Library Materials and Information	159,131	\$6,366			165,497
Supplies	29,846				29,846
Other	8,067				8,067
Capital Outlay	9,785		695		10,480
<b>Total Cash Disbursements</b>	<b>722,764</b>	<b>6,366</b>	<b>695</b>		<b>729,825</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>53,417</b>	<b>(6,366)</b>	<b>4</b>		<b>47,055</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Other Financing Sources	76				76
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>76</b>				<b>76</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>53,493</b>	<b>(6,366)</b>	<b>4</b>		<b>47,131</b>
<b>Fund Cash Balances, January 1</b>	<b>942,449</b>	<b>6,366</b>	<b>31,148</b>	<b>\$386</b>	<b>980,349</b>
<b>Fund Cash Balances, December 31</b>	<b>\$995,942</b>	<b>\$0</b>	<b>\$31,152</b>	<b>\$386</b>	<b>\$1,027,480</b>

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



**CARROLL COUNTY DISTRICT LIBRARY  
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Carroll County District Library, Carroll 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 Board. 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.

**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:

*Gates Foundation Grant Fund* – This fund receives grant monies to purchase computers.

**CARROLL COUNTY DISTRICT LIBRARY  
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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:

*Malvern Capital Project Fund* – This fund receives monies from donations and fees to construct a new branch library in Malvern.

**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 fund:

*Preston Expendable Trust Fund* – This fund receives interest to purchase Library materials and information.

**E. Budgetary Process**

The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control.

A summary of 2003 and 2002 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 investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 follows:

	2003	2002
Demand deposits	\$862,846	\$776,805
Certificates of deposit	255,896	250,675
Total deposits	<u>\$1,118,742</u>	<u>\$1,027,480</u>

**CARROLL COUNTY DISTRICT LIBRARY  
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$822,217	\$775,074	\$47,143
Capital Projects	0	155	(155)
Fiduciary	0	0	0
Total	\$822,217	\$775,229	(\$46,988)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,706,577	\$683,967	\$1,022,610
Capital Projects	31,152		31,152
Fiduciary	386		386
Total	\$1,738,115	\$683,967	\$1,054,148

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$819,814	\$776,257	\$43,557
Special Revenue	0	0	0
Capital Projects	0	699	(699)
Fiduciary	0	0	0
Total	\$819,814	\$776,956	(\$42,858)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,762,264	\$722,764	\$1,039,500
Special Revenue	6,366	6,366	
Capital Projects	31,148	695	30,453
Fiduciary	386		386
Total	\$1,800,164	\$729,825	\$1,070,339

**CARROLL COUNTY DISTRICT LIBRARY  
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**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 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, 2003.

**CARROLL COUNTY DISTRICT LIBRARY  
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**6. RISK MANAGEMENT**

**Commercial Insurance**

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

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

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## **Auditor of State Betty Montgomery**

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

Carroll County District Library  
Carroll County  
3131 Explorer Road SW  
Carrollton, Ohio 44615

To the Board of Trustees:

We have audited the accompanying financial statements of the Carroll County District Library, Carroll County, Ohio (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated December 10, 2004 wherein we noted that the Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Library because the Auditor of State designed, developed, implemented, and, as required, operates UAN. 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 management of the Library in a separate letter dated December 10, 2004.

Carroll County District Library  
Carroll 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

December 10, 2004





**Auditor of State  
Betty Montgomery**

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**CARROLL COUNTY DISTRICT LIBRARY**

**CARROLL 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  
FEBRUARY 10, 2005**