



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

CONNEAUT PUBLIC LIBRARY
ASHTABULA COUNTY

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**STATE OF OHIO
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REPORT OF INDEPENDENT ACCOUNTANTS

Conneaut Public Library
Ashtabula County
304 Buffalo Street
Conneaut, OH 44030

To the Board of Trustees:

We have audited the accompanying financial statements of the Conneaut Public Library (the Library) as of and for the years ended December 31, 2001 and 2000. 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, 2001 and 2000, 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, 2002 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 § 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, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 20, 2002

**CONNEAUT PUBLIC LIBRARY
ASHTABULA 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
State Library and Local Government Support Fund	\$605,781	\$0	\$605,781
Other Government Grants-In-Aid	18,358		18,358
Patron Fines and Fees	19,285		19,285
Earnings on Investments	33,686		33,686
Contributions, Gifts and Donations	6,177		6,177
Miscellaneous Receipts	500		500
	<u>683,787</u>	<u>0</u>	<u>683,787</u>
Total Cash Receipts			
	<u>683,787</u>	<u>0</u>	<u>683,787</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	330,786		330,786
Purchased and Contracted Services	93,980		93,980
Other Objects	131,501		131,501
Capital Outlay	20,465	7,645	28,110
	<u>576,732</u>	<u>7,645</u>	<u>584,377</u>
Total Cash Disbursements			
	<u>576,732</u>	<u>7,645</u>	<u>584,377</u>
Total Cash Receipts Over/(Under) Cash Disbursements	107,055	(7,645)	99,410
Fund Cash Balances, January 1	494,308	213,951	708,259
	<u>494,308</u>	<u>213,951</u>	<u>708,259</u>
Fund Cash Balances, December 31	<u>\$601,363</u>	<u>\$206,306</u>	<u>\$807,669</u>

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

**CONNEAUT PUBLIC LIBRARY
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
State Library and Local Government Support Fund	\$592,676	\$0	\$592,676
Other Government Grants-In-Aid	0		0
Patron Fines and Fees	17,844		17,844
Earnings on Investments	19,838		19,838
Services Provided to Other Entities	0		0
Contributions, Gifts and Donations	10,064		10,064
Miscellaneous Receipts	462		462
Total Cash Receipts	<u>640,884</u>	<u>0</u>	<u>640,884</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	311,854		311,854
Purchased and Contracted Services	83,455		83,455
Other Objects	98,307		98,307
Capital Outlay	16,531	13,145	29,676
Total Cash Disbursements	<u>510,147</u>	<u>13,145</u>	<u>523,292</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>130,737</u>	<u>(13,145)</u>	<u>117,592</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		44,316	44,316
Transfers-Out	(44,316)		(44,316)
Total Other Financing Receipts/(Disbursements)	<u>(44,316)</u>	<u>44,316</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>86,421</u>	<u>31,171</u>	<u>117,592</u>
Fund Cash Balances, January 1	<u>407,887</u>	<u>182,780</u>	<u>590,667</u>
Fund Cash Balances, December 31	<u><u>\$494,308</u></u>	<u><u>\$213,951</u></u>	<u><u>\$708,259</u></u>

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

**CONNEAUT PUBLIC LIBRARY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Conneaut 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 six-member Board of Trustees appointed by the City of Conneaut. 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.

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. Stocks are recorded at fair market value at time of donation.

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

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 one capital project fund.

Building and Repair Fund – subsidized by a transfer from the General Fund.

**CONNEAUT PUBLIC LIBRARY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Administrative Code requires budgeting for each fund annually.

1. Appropriations

The Board must annually approve appropriation measures and subsequent amendments. Budgetary expenditures may not exceed appropriations at the fund, function, and object level of control.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1

3. Encumbrances

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are not required to estimate resources or encumber appropriations.

A summary of 2001 and 2000 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:

**CONNEAUT PUBLIC LIBRARY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	2001	2000
Demand deposits	\$706,861	\$144,483
Certificates of deposit	95,892	558,860
Total deposits	802,753	703,343
Investments - Stock (Cost)	4,916	4,916
Total investments	4,916	4,916
Total deposits and investments	\$807,669	\$708,259

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Phelps Dodge Corporation stock (114 shares) was donated to the Library in June 2000. This investment is reported in the financial statements at the fair market 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 12/31/01 and 12/31/00 is listed below:

<u>Company</u>	<u>Number of Shares</u>	<u>\$ per Share</u>	<u>Fair Value 2001</u>
Phelps Dodge Corp.	114	32.16	\$3,717.54

<u>Company</u>	<u>Number of Shares</u>	<u>\$ per Share</u>	<u>Fair Value 2000</u>
Phelps Dodge Corp.	114	43.12	\$4,915.68

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$634,612	\$576,732	\$57,880
Capital Projects	175,000	7,645	167,355
Total	\$809,612	\$584,377	\$225,235

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$600,225	\$640,884	\$40,659
Capital Projects	0	44,316	44,316
Total	\$600,225	\$685,200	\$84,975

**CONNEAUT PUBLIC LIBRARY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$581,700	\$554,463	\$27,237
Capital Projects	175,000	13,145	161,855
Total	\$756,700	\$567,608	\$189,092

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. The Library also received in 2001 a grant from the Bill Gates Foundation for computer upgrades within the Library.

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 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Library has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

Commercial Insurance

The Conneaut Public Library has obtained commercial insurance for the following risks:

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

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



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OFFICE OF THE AUDITOR**

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

Conneaut Public Library
Ashtabula County
304 Buffalo Street
Conneaut, OH 44030

To the Board of Trustees:

We have audited the accompanying financial statements of the Conneaut Public Library, Ashtabula County, (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 20, 2002. 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 June 20, 2002.

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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

June 20, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CONNEAUT 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
JULY 9, 2002**