



**Auditor of State  
Betty Montgomery**



**FAIRFIELD COUNTY DISTRICT LIBRARY  
FAIRFIELD COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Fairfield County District Library  
Fairfield County  
219 North Broad Street  
Lancaster, Ohio 43130-3098

To the Board of Trustees:

We have audited the accompanying financial statements of the Fairfield County District Library, Fairfield County, Ohio, (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 this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 statement is 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 Fairfield County District Library, Fairfield County, Ohio, 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.

As discussed in Note 2 to the financial statements, certain corrections were made to restate beginning fund balance as of January 1, 2001 in the Expandable Trust and Special Revenue Funds to be more consistent with the definitions of those fund types.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 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.

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This report is intended solely for the information and use of the audit committee, management, the 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 8, 2003

**FAIRFIELD COUNTY DISTRICT LIBRARY  
FAIRFIELD 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>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Government Grants-In-Aid	\$3,115,351	\$0	\$0	\$0	\$3,115,351
Patron Fines and Fees	125,201	0	0	0	125,201
Earnings on Investments	26,570	0	0	0	26,570
Contributions, Gifts and Donations	0	15,965	0	0	15,965
Miscellaneous Receipts	9,101	0	0	0	9,101
<b>Total Cash Receipts</b>	<b>3,276,223</b>	<b>15,965</b>	<b>0</b>	<b>0</b>	<b>3,292,188</b>
<b>Cash Disbursements:</b>					
Current:					
Salaries and Benefits	1,791,757	0	0	0	1,791,757
Purchased and Contracted Services	663,787	375	0	0	664,162
Library Materials & Information	670,814	47,643	0	0	718,457
Supplies	84,052	0	0	0	84,052
Other Objects	14,623	0	0	0	14,623
Debt Service:					
Redemption of Principal	0	0	80,221	0	80,221
Interest Payments and Other Financing Fees and Costs	0	0	49,151	0	49,151
Capital Outlay	57,475	4,055	0	56,173	117,703
<b>Total Cash Disbursements</b>	<b>3,282,508</b>	<b>52,073</b>	<b>129,372</b>	<b>56,173</b>	<b>3,520,126</b>
Total Cash Receipts Over/(Under) Cash Disbursements	(6,285)	(36,108)	(129,372)	(56,173)	(227,938)
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In	0	0	129,373	0	129,373
Transfers-Out	(129,373)	0	0	0	(129,373)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(129,373)</b>	<b>0</b>	<b>129,373</b>	<b>0</b>	<b>0</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(135,658)	(36,108)	1	(56,173)	(227,938)
Fund Cash Balances, January 1	702,186	75,330	1	680,780	1,458,297
<b>Fund Cash Balances, December 31</b>	<b>\$566,528</b>	<b>\$39,222</b>	<b>\$2</b>	<b>\$624,607</b>	<b>\$1,230,359</b>
Reserves for Encumbrances, December 31	\$341,816	\$8,261	\$0	\$65,237	\$415,314

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

**FAIRFIELD COUNTY DISTRICT LIBRARY  
FAIRFIELD 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>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Government Grants-In-Aid	\$3,377,564	\$0	\$0	\$0	\$3,377,564
Patron Fines and Fees	94,165	0	0	0	94,165
Earnings on Investments	63,611	0	0	0	63,611
Contributions, Gifts and Donations	0	82,591	0	0	82,591
Miscellaneous Receipts	13,583	0	0	0	13,583
<b>Total Cash Receipts</b>	<b>3,548,923</b>	<b>82,591</b>	<b>0</b>	<b>0</b>	<b>3,631,514</b>
<b>Cash Disbursements:</b>					
Current:					
Salaries and Benefits	1,710,307	0	0	0	1,710,307
Purchased and Contracted Services	607,121	0	0	0	607,121
Library Materials and Information	647,296	10,524	0	0	657,820
Supplies	89,877	0	0	0	89,877
Other Objects	11,415	0	0	0	11,415
Debt Service:					
Redemption of Principal	0	0	76,127	0	76,127
Interest Payments and Other Financing Fees and Costs	0	0	53,245	0	53,245
Capital Outlay	93,320	64,427	0	108,010	265,757
<b>Total Cash Disbursements</b>	<b>3,159,336</b>	<b>74,951</b>	<b>129,372</b>	<b>108,010</b>	<b>3,471,669</b>
Total Cash Receipts Over/(Under) Cash Disbursements	389,587	7,640	(129,372)	(108,010)	159,845
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In	0	0	129,373	346,450	475,823
Transfers-Out	(475,823)	0	0	0	(475,823)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(475,823)</b>	<b>0</b>	<b>129,373</b>	<b>346,450</b>	<b>0</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(86,236)	7,640	1	238,440	159,845
Fund Cash Balances, January 1 (Restated - See Note 2)	788,422	67,690	0	442,340	1,298,452
<b>Fund Cash Balances, December 31</b>	<b>\$702,186</b>	<b>\$75,330</b>	<b>\$1</b>	<b>\$680,780</b>	<b>\$1,458,297</b>
Reserves for Encumbrances, December 31	\$561,336	\$9,797	\$0	\$0	\$571,133

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



**FAIRFIELD COUNTY DISTRICT LIBRARY  
FAIRFIELD COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Fairfield County District Library, Fairfield 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 seven-member Board of Trustees appointed by Common Pleas Court Judge and Board of County Commissioners. 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.

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:

**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.

**FAIRFIELD COUNTY DISTRICT LIBRARY  
FAIRFIELD COUNTY**

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

**D. Fund Accounting (Continued)**

**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 Funds:

Library Materials and Information Fund – This fund is used to purchase materials for the books for babies program.

Gates Foundation Grant Fund – This fund was used to purchase computers and electronic equipment needed to set up a public internet service at the Library.

Gift Fund – This fund is used to purchase library materials and books.

**Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of general obligations.

**Capital Projects Fund**

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).

**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 level of control.

A summary of 2002 and 2001 budgetary activity appears in Note 4.

**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.

**FAIRFIELD COUNTY DISTRICT LIBRARY  
FAIRFIELD COUNTY**

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

**2. RESTATEMENT OF PRIOR YEAR FUND BALANCES AND FUND RECLASSIFICATION**

The Expendable Trust Fund has been reclassified as a Special Revenue Fund to be more consistent with the definitions of those fund types. As a result, the beginning fund balances were restated as follows:

	<u>Special Revenue Fund</u>	<u>Expendable Trust Fund</u>
Fund Balance as of January 1, 2001	\$14,797	\$52,893
Restatement due to change in fund type	<u>52,893</u>	<u>(52,893)</u>
Restated Fund Balance as of January 1, 2001	<u>\$67,690</u>	<u>\$0</u>

**3. 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	<u>\$19,514</u>	<u>\$5,664</u>
Total deposits	<u>19,514</u>	<u>5,664</u>
STAR Ohio	<u>1,210,845</u>	<u>1,452,633</u>
Total investments	<u>1,210,845</u>	<u>1,452,633</u>
Total deposits and investments	<u>\$1,230,359</u>	<u>\$1,458,297</u>

**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:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2002 and December 31, 2001 follows:

<u>2002 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$3,975,037	\$3,753,697	\$221,340
Special Revenue	85,330	60,334	24,996
Debt Service	129,374	129,372	2
Capital Projects	680,781	121,410	559,371
Total	<u>\$4,870,522</u>	<u>\$4,064,813</u>	<u>\$805,709</u>

**FAIRFIELD COUNTY DISTRICT LIBRARY  
FAIRFIELD COUNTY**

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

**4. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,332,995	\$4,196,495	\$136,500
Special Revenue	141,172	84,748	56,424
Debt Service	129,374	129,372	2
Capital Projects	788,790	108,010	680,780
Total	\$5,392,331	\$4,518,625	\$873,706

**5. 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.

**6. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$892,407	5.25%
Total	\$892,407	

The Library entered into a twelve year Facilities Note with Fairfield National Bank, a Division of Park National Bank, in 1999 for renovations to the main Library.

Amortization of the above debt, including interest, is scheduled as follows:

	General Obligation Notes
Year ending December 31:	
2003	\$129,372
2004	129,372
2005	129,372
2006	129,372
2007	129,372
2008 - 2011	463,583
Total	\$1,110,443

**FAIRFIELD COUNTY DISTRICT LIBRARY  
FAIRFIELD COUNTY**

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

**7. 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.

**8. RISK MANAGEMENT**

**Commercial Insurance**

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, dental, and vision insurance coverage to full-time employees through a private carrier.

**9. RELATED ORGANIZATIONS**

**Fairfield County** - The Library is statutorily created as a separate and distinct political subdivision of the State. Four Trustees of the Library are appointed by the Board of County Commissioners and three Trustees are appointed by the judges of the Common Pleas Court. The Library possesses its own contracting and budgeting authority, handles its own personnel actions, and does not depend on the County for operational subsidies.

**Fairfield County Library Foundation** - The Fairfield County Library Foundation (the Foundation) is a not-for-profit corporation, created on April 13, 1983, to support, promote, and encourage the library services, activities, and facilities of the Library pursuant to Ohio Rev. Code Section 1702.01. The Foundation is directed by an eight member Board of Trustees consisting of the Director of the Library and four members of the Library Board of Trustees. In addition, the Library Board of Trustees appoints the remaining three members, designated as Community Representatives, to the Foundation's Board. The Foundation possesses its own contracting and budgeting authority and solicits donations for projects of the Foundation. The Foundation does not depend on the Library for subsidies; however, rents a property to the Library as discussed in Note 9.

**10. RELATED PARTY TRANSACTIONS**

The Library had expenditure transactions with the Fairfield County Library Foundation, a related organization. The Library paid the Foundation \$54,000 during fiscal years 2001 and 2002 for rent of three branch library buildings.

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**Auditor of State  
Betty Montgomery**

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

Fairfield County District Library  
Fairfield County  
219 North Broad Street  
Lancaster, Ohio 43130-3098

To the Board of Trustees:

We have audited the accompanying financial statements of the Fairfield County District Library, Fairfield County, Ohio (the Library), as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated May 8, 2003, wherein we noted that certain corrections were made to restate beginning fund balance. 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*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated May 8, 2003.

**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 a 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 May 8, 2003.

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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 8, 2003





**Auditor of State  
Betty Montgomery**

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**FAIRFIELD COUNTY DISTRICT LIBRARY**

**FAIRFIELD 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 1, 2003**