



**Auditor of State  
Betty Montgomery**



**GEAUGA COUNTY PUBLIC LIBRARY  
GEAUGA COUNTY**

**TABLE OF CONTENTS**

| <b>TITLE</b>   | <b>PAGE</b> |
|--|-------------|
| Independents Accountants' Report.....  | 1           |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in<br>Fund Cash Balances - Governmental Fund Types -<br>For the Year Ended December 31, 2003..... | 3           |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in<br>Fund Cash Balances - Governmental Fund Types -<br>For the Year Ended December 31, 2002..... | 4           |
| Notes to the Financial Statements .....  | 5           |
| Independent Accountants' Report on Compliance and on Internal Control<br>Required by <i>Government Auditing Standards</i> .....  | 11          |

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Geauga County Public Library  
Geauga County  
12701 Ravenwood Drive  
Chardon, Ohio 44024

To the Board of Trustees:

We have audited the accompanying financial statements of the Geauga County Public Library, Geauga County, Ohio, (the Library) as of and for the years ended December 31, 2003 and December 31, 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. We believe that our audit provides a reasonable basis for our opinion.

As described 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 Geauga County Public Library, Geauga County, Ohio, as of December 31, 2003 and December 31, 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 October 25, 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, the 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

October 25, 2004

**GEAUGA COUNTY PUBLIC LIBRARY  
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

|  | <u>Governmental Fund Types</u> |                         |                             | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|--------------------------------|-------------------------|-----------------------------|---|
|  | <u>General</u>                 | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> |   |
| <b>Cash Receipts:</b>  |                                |                         |                             |   |
| Property and Other Local Taxes   | \$1,984,235                    |                         |                             | \$1,984,235                             |
| Other Government Grants-In-Aid   | 3,535,404                      |                         |                             | 3,535,404                               |
| Patron Fines and Fees  | 219,709                        |                         |                             | 219,709                                 |
| Earnings on Investments  | 9,190                          |                         |                             | 9,190                                   |
| Services Provided to Other Entities  | 9,449                          |                         |                             | 9,449                                   |
| Contributions, Gifts and Donations   | 12,736                         |                         |                             | 12,736                                  |
| Miscellaneous Receipts   | 8,211                          |                         |                             | 8,211                                   |
|  | <u>5,778,934</u>               | <u>\$0</u>              | <u>\$0</u>                  | <u>5,778,934</u>                        |
| <b>Total Cash Receipts</b>   |                                |                         |                             |   |
| <b>Cash Disbursements:</b>   |                                |                         |                             |   |
| Current:   |                                |                         |                             |   |
| Salaries and Benefits  | 3,426,178                      |                         |                             | 3,426,178                               |
| Supplies   | 145,629                        |                         |                             | 145,629                                 |
| Purchased and Contracted Services  | 699,297                        |                         | 2,500                       | 701,797                                 |
| Library Materials & Information  | 1,010,739                      |                         |                             | 1,010,739                               |
| Other  | 26,409                         |                         |                             | 26,409                                  |
| Debt Service:  |                                |                         |                             |   |
| Redemption of Principal  |                                | 200,000                 |                             | 200,000                                 |
| Interest Payments and Other Financing Fees and Costs   |                                | 27,225                  |                             | 27,225                                  |
| Capital Outlay   | 55,876                         |                         | 59,039                      | 114,915                                 |
|  | <u>5,364,128</u>               | <u>227,225</u>          | <u>61,539</u>               | <u>5,652,892</u>                        |
| <b>Total Cash Disbursements</b>  |                                |                         |                             |   |
| <b>Total Cash Receipts Over/(Under) Cash Disbursements</b>   | <u>414,806</u>                 | <u>(227,225)</u>        | <u>(61,539)</u>             | <u>126,042</u>                          |
| <b>Other Financing Receipts/(Disbursements):</b>   |                                |                         |                             |   |
| Transfers-In   |                                | 218,600                 |                             | 218,600                                 |
| Transfers-Out  | (218,600)                      |                         |                             | (218,600)                               |
|  | <u>(218,600)</u>               | <u>218,600</u>          | <u>0</u>                    | <u>0</u>                                |
| <b>Total Other Financing Receipts/(Disbursements)</b>  |                                |                         |                             |   |
| Excess of Cash Receipts and Other Financing<br>Receipts Over/(Under) Cash Disbursements<br>and Other Financing Disbursements | 196,206                        | (8,625)                 | (61,539)                    | 126,042                                 |
| Fund Cash Balances, January 1, 2003  | 258,406                        | 227,225                 | 115,399                     | 601,030                                 |
| <b>Fund Cash Balances, December 31, 2003</b>   | <u><u>\$454,612</u></u>        | <u><u>\$218,600</u></u> | <u><u>\$53,860</u></u>      | <u><u>\$727,072</u></u>                 |

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

**GEAUGA COUNTY PUBLIC LIBRARY  
GEAUGA COUNTY**

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

|  | <u>Governmental Fund Types</u> |                         |                             | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|--------------------------------|-------------------------|-----------------------------|---|
|  | <u>General</u>                 | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> |   |
| <b>Cash Receipts:</b>  |                                |                         |                             |   |
| Property and Other Local Taxes   | \$1,350,600                    |                         |                             | \$1,350,600                             |
| Other Government Grants-In-Aid   | 3,546,048                      |                         |                             | 3,546,048                               |
| Patron Fines and Fees  | 205,424                        |                         |                             | 205,424                                 |
| Earnings on Investments  | 22,507                         |                         |                             | 22,507                                  |
| Services Provided to Other Entities  | 9,065                          |                         |                             | 9,065                                   |
| Contributions, Gifts and Donations   | 42,012                         |                         |                             | 42,012                                  |
| Miscellaneous Receipts   | 20,462                         |                         |                             | 20,462                                  |
|  | <u>5,196,118</u>               | <u>\$0</u>              | <u>\$0</u>                  | <u>5,196,118</u>                        |
| <b>Cash Disbursements:</b>   |                                |                         |                             |   |
| Current:   |                                |                         |                             |   |
| Salaries and Benefits  | 3,390,329                      |                         |                             | 3,390,329                               |
| Supplies   | 119,025                        |                         |                             | 119,025                                 |
| Purchased and Contracted Services  | 703,910                        |                         | 16,577                      | 720,487                                 |
| Library Materials & Information  | 982,260                        |                         |                             | 982,260                                 |
| Other  | 25,814                         |                         |                             | 25,814                                  |
| Debt Service:  |                                |                         |                             |   |
| Redemption of Principal  |                                | 200,000                 |                             | 200,000                                 |
| Interest Payments and Other Financing Fees and Costs   |                                | 59,834                  |                             | 59,834                                  |
| Capital Outlay   | 79,968                         |                         | 298,668                     | 378,636                                 |
|  | <u>5,301,306</u>               | <u>259,834</u>          | <u>315,245</u>              | <u>5,876,385</u>                        |
| Total Cash Receipts Over/(Under) Cash Disbursements  | <u>(105,188)</u>               | <u>(259,834)</u>        | <u>(315,245)</u>            | <u>(680,267)</u>                        |
| <b>Other Financing Receipts/(Disbursements):</b>   |                                |                         |                             |   |
| Proceeds from the Sale of Stock  | 126,540                        |                         |                             | 126,540                                 |
| Transfers-In   |                                | 227,225                 |                             | 227,225                                 |
| Transfers-Out  | (227,225)                      |                         |                             | (227,225)                               |
|  | <u>(100,685)</u>               | <u>227,225</u>          | <u>0</u>                    | <u>126,540</u>                          |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (205,873)                      | (32,609)                | (315,245)                   | (553,727)                               |
| Fund Cash Balances, January 1, 2002  | 464,279                        | 259,834                 | 430,644                     | 1,154,757                               |
| <b>Fund Cash Balances, December 31, 2002</b>   | <b><u>\$258,406</u></b>        | <b><u>\$227,225</u></b> | <b><u>\$115,399</u></b>     | <b><u>\$601,030</u></b>                 |

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



**GEAUGA COUNTY PUBLIC LIBRARY  
GEAUGA COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Geauga County Public Library, Geauga 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; four trustees are appointed by Geauga County Commissioners and three by the Judge of the County Common Pleas Court. 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.

Component units are legally separate organizations for which the Library is financially accountable. Component units may also include organizations that are fiscally dependent on the Library in that the Library approves their budget, the issuance of their debt or the levying of their taxes. The Library has no component units.

**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 deposits are valued at cost and common stock is valued at fair value when donated.

In 1987, 1989, 1993 and 2003, 56 shares of Pacific Gas & Electric; 101 shares of Anadarko Petroleum; 278 shares of National City Bank, and 82 shares of Dominion Resources, respectively, were donated to the Library.

**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:

**GEAUGA COUNTY PUBLIC LIBRARY  
GEAUGA COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**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. Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Library had the following significant Debt Service Fund:

*Administrative Offices Debt Fund* - This fund receives transfers from the General Fund for the payment of the financing agreement.

**4. Capital Project Funds**

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (except those financed through enterprise or trust funds). The Library had the following significant capital project fund:

*Building and Repair* – This fund is used for the capital improvement of the Geauga County Public Library buildings.

**E. Budgetary Process**

The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund, function, and object 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.

**GEAUGA COUNTY PUBLIC LIBRARY  
GEAUGA COUNTY**

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

|  | 2003      | 2002      |
|--|-----------|-----------|
| Demand deposits                                  | \$1,050   | \$81,476  |
| Petty Cash & Cash on Hand                        | 545       | 545       |
| Certificates of deposit                          | 702,231   | 500,997   |
| Total deposits                                   | 703,826   | 583,018   |
| <br>   |           |           |
| Common stock (at fair value at time of donation) | 23,246    | 18,012    |
| Total investments                                | 23,246    | 18,012    |
| Total deposits and investments                   | \$727,072 | \$601,030 |

At December 31, 2003 and 2002, the fair value of the common stock the Library held was \$35,788 and \$25,644, respectively. In 2002, the Library received and sold 2,244 shares of Anthem stock netting \$126,540.

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library.

**3. BUDGETARY ACTIVITY**

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

2003 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type        | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
|------------------|----------------------------|---------------------------|-----------|
| General          | \$5,956,985                | \$5,582,728               | \$374,257 |
| Debt Service     | 227,225                    | 227,225                   | 0         |
| Capital Projects | 115,399                    | 61,539                    | 53,860    |
| Total            | \$6,299,609                | \$5,871,492               | \$428,117 |

2002 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type        | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
|------------------|----------------------------|---------------------------|-----------|
| General          | \$5,761,443                | \$5,528,531               | \$232,912 |
| Debt Service     | 259,834                    | 259,834                   | 0         |
| Capital Projects | 430,644                    | 315,245                   | 115,399   |
| Total            | \$6,451,921                | \$6,103,610               | \$348,311 |

**GEAUGA COUNTY PUBLIC LIBRARY  
GEAUGA 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 of any additional revenues the Library receives.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

**5. DEBT**

Debt outstanding at December 31, 2003 was as follows:

|                     | <u>Principal</u>   | <u>Interest Rate</u> |
|---------------------|--------------------|----------------------|
| Financing Agreement | <u>\$1,200,000</u> | 1.55%                |

In March of 2002, Geauga County reissued the note of debt for \$1,400,000. Interest and principal payments are due at the end of the County's note term. The financing agreement is collateralized by a leasing agreement. The financing agreement is in effect until the County has received payment in full.

**6. RETIREMENT SYSTEM**

The Library's employees belong to 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.

Contribution rates are prescribed by the Ohio Revised Code. The Library's OPERS 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.

**GEAUGA COUNTY PUBLIC LIBRARY  
GEAUGA COUNTY**

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

**7. RISK MANAGEMENT**

**Commercial Insurance**

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

- Comprehensive property and general liability;
- Errors and omissions;
- Fire and Theft; and
- Vehicles

The Library also provides health, life, dental and vision coverage to full-time employees through a private carrier.

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## **Auditor of State Betty Montgomery**

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

Geauga County Public Library  
Geauga County  
12701 Ravenwood Drive  
Chardon, Ohio 44024

To the Board of Trustees:

We have audited the financial statements of the Geauga County Public Library, Geauga County, Ohio, (the Library) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated October 25, 2004. 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 tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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 we must report 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 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.

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

October 25, 2004





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**GEAUGA COUNTY PUBLIC LIBRARY**

**GEAUGA 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  
DECEMBER 7, 2004**