



Dave Yost • Auditor of State

**CARNEGIE PUBLIC LIBRARY
FAYETTE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Carnegie Public Library
Fayette County
127 S North St.
Washington Court House, OH 43160

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Carnegie Public Library, Fayette County, (the Library) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Library does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Carnegie Public Library, Fayette County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2015 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

July 29, 2015

Carnegie Public Library

Fayette County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2014

	General	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts				
Public Library	793,894			793,894
Patron Fines and Fees	17,293			17,293
Contributions, Gifts and Donations	5,762			5,762
Earnings on Investments	5,380			5,380
Miscellaneous	1,866			1,866
<i>Total Cash Receipts</i>	<u>824,195</u>	<u>0</u>	<u>0</u>	<u>824,195</u>
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	366,604			366,604
Collection Development and Processing	40,470			40,470
Support Services:				
Facilities Operation and Maintenance	107,564			107,564
Information Services	19,485			19,485
Business Administration	328,057			328,057
				0
Capital Outlay	36,385			36,385
<i>Total Cash Disbursements</i>	<u>898,565</u>	<u>0</u>	<u>0</u>	<u>898,565</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(74,370)</u>	<u>0</u>	<u>0</u>	<u>(74,370)</u>
<i>Net Change in Fund Cash Balances</i>	(74,370)	0	0	(74,370)
<i>Fund Cash Balances, January 1</i>	<u>608,159</u>	<u>180,908</u>	<u>796,758</u>	<u>1,585,825</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	796,758	796,758
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	226,205	180,908	0	407,113
Unassigned (Deficit)	307,584	0	0	307,584
<i>Fund Cash Balances, December 31</i>	<u>\$533,789</u>	<u>\$180,908</u>	<u>\$796,758</u>	<u>\$1,511,455</u>

Carnegie Public Library

Fayette County

Combined Statement of Receipts, Disbursements

and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2013

	<u>General</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Public Library	812,457			812,457
Patron Fines and Fees	18,548			18,548
Contributions, Gifts and Donations	8,431		184,758	193,189
Earnings on Investments	5,111			5,111
Miscellaneous	1,902			1,902
<i>Total Cash Receipts</i>	<u>846,449</u>	<u>0</u>	<u>184,758</u>	<u>1,031,207</u>
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	361,068			361,068
Collection Development and Processing	42,815			42,815
Support Services:				
Facilities Operation and Maintenance	109,177			109,177
Information Services	16,803			16,803
Business Administration	326,996			326,996
				0
Capital Outlay	13,328			13,328
<i>Total Cash Disbursements</i>	<u>870,187</u>	<u>0</u>	<u>0</u>	<u>870,187</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(23,738)</u>	<u>0</u>	<u>184,758</u>	<u>161,020</u>
<i>Net Change in Fund Cash Balances</i>	(23,738)	0	184,758	161,020
<i>Fund Cash Balances, January 1</i>	<u>631,897</u>	<u>180,908</u>	<u>612,000</u>	<u>1,424,805</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	796,758	796,758
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	291,991	180,908	0	472,899
Unassigned (Deficit)	316,168	0	0	316,168
<i>Fund Cash Balances, December 31</i>	<u>\$608,159</u>	<u>\$180,908</u>	<u>\$796,758</u>	<u>\$1,585,825</u>

**CARNEGIE PUBLIC LIBRARY
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE LIBRARY AND REPORTING ENTITY

The Carnegie Public Library was organized as a municipal public library in 1891 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the City of Washington Court House, Ohio. Appointments are for four year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The Library is fiscally independent of the City of Washington Court House, although the City serves in a ministerial capacity as the taxing authority for the Library.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

B. ACCOUNTING BASIS

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. DEPOSITS AND INVESTMENTS

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

**CARNEGIE PUBLIC LIBRARY
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Capital Project Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

3. Permanent Fund

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Library had the following significant permanent funds:

Endowment Fund

This fund accounts for the endowment the Library received.

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, function, and object level of control.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. FUND BALANCE

Fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Library classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. In 2014 and 2013, the Library reported \$796,758 in principal as nonspendable in the Permanent Fund.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**CARNEGIE PUBLIC LIBRARY
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. PROPERTY, PLANT, AND EQUIPMENT

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**CARNEGIE PUBLIC LIBRARY
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENT

The Library maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2014	2013
Demand Deposits	\$202,365	\$278,121
Certificates of Deposit	109,758	109,758
CDARS	505,000	505,000
Total Deposits	\$817,123	\$892,879
STAR Plus	694,332	692,946
Total Investments	\$694,332	\$692,946
Total Deposits and Investments	\$1,511,455	\$1,585,825

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Library; or collateralized by the financial institution's public entity deposit pool.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$815,517	\$824,195	\$8,678
Capital Projects	0	0	0
	\$815,517	\$824,195	\$8,678

2014 Budgeted vs. Actual Budgetary Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,411,273	\$898,565	\$509,209
Capital Projects	180,908	0	180,908
	\$1,592,181	\$898,565	\$690,117

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$849,362	\$846,449	\$(2,913)
Capital Projects	0	0	0
	\$849,362	\$846,449	\$(2,913)

**CARNEGIE PUBLIC LIBRARY
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2013 Budgeted vs. Actual Budgetary Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,470,827	\$870,187	\$598,669
Capital Projects	180,908	0	180,908
	\$1,651,735	\$870,186	\$779,577

4. GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. The County Budget Commission bases the amount for distribution on the need of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

5. RETIREMENT SYSTEMS

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed \$48,518 (10%) and \$47,157 (10%), respectively, of their gross salaries and the Library contributed an amount equaling \$67,923 (14%) and \$66,020 (14%), respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2014.

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Commercial Property-Building
- Commercial Property-Personal
- Commercial-General Liability
- Vehicle
- Equipment Breakdown
- Professional Liability
- Employment Practices Liability
- Data/Security

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Carnegie Public Library
Fayette County
127 S North St.
Washington Court House, OH 43160

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' Government Auditing Standards, the financial statements of the Carnegie Public Library, Fayette County, (the Library) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated July 29, 2015 wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

July 29, 2015



Dave Yost • Auditor of State

CARNEGIE PUBLIC LIBRARY

FAYETTE 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
AUGUST 13, 2015**