



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY
COLUMBIANA COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West, Suite
302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949

REPORT OF INDEPENDENT ACCOUNTANTS

East Liverpool Carnegie Public Library
Columbiana County
219 East Fourth Street
East Liverpool, Ohio 43920

To the Board of Trustees:

We have audited the accompanying financial statements of the East Liverpool Carnegie Public Library, Columbiana County (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 and reserves for encumbrances of the East Liverpool Carnegie Public Library, Columbiana County, 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 October 24, 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 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, appearing to read "Jim Petro".

Jim Petro
Auditor of State

October 24, 2002

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**EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY
COLUMBIANA 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	
Cash Receipts:				
Local Library Government Support Fund Receipts	\$996,343			\$996,343
Patron Fines and Fees	11,356			11,356
Earnings on Investments	26,041			26,041
Contributions, Gifts and Donations	2,665	\$16,708		19,373
Miscellaneous Revenue	18,412			18,412
Total Cash Receipts	<u>1,054,817</u>	<u>16,708</u>		<u>1,071,525</u>
Cash Disbursements:				
Payroll and Fringe Benefits	604,782			604,782
Supplies	29,149			29,149
Purchased and Contracted Services	85,128		4,500	89,628
Library Material and Information	197,870			197,870
Other Objects	7,276			7,276
Capital Outlay	41,772	13,948	46,630	102,350
Total Cash Disbursements	<u>965,977</u>	<u>13,948</u>	<u>51,130</u>	<u>1,031,055</u>
Total Receipts Over/(Under) Disbursements	<u>88,840</u>	<u>2,760</u>	<u>(51,130)</u>	<u>40,470</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		37,500	200,000	237,500
Transfers-Out	(237,500)			(237,500)
Total Other Financing Receipts/(Disbursements)	<u>(237,500)</u>	<u>37,500</u>	<u>200,000</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(148,660)</u>	<u>40,260</u>	<u>148,870</u>	<u>40,470</u>
Fund Cash Balances, January 1	<u>310,626</u>		<u>435,381</u>	<u>746,007</u>
Fund Cash Balances, December 31	<u>\$161,966</u>	<u>\$40,260</u>	<u>\$584,251</u>	<u>\$786,477</u>
Reserve for Encumbrances, December 31	<u>\$76,814</u>	<u>\$1,379</u>	<u>\$1,976</u>	<u>\$80,169</u>

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

**EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY
COLUMBIANA 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Project</u>	
Cash Receipts:			
Local Library Government Support Funds	\$973,159		\$973,159
Patron Fines and Fees	10,155		10,155
Earnings on Investments	26,300		26,300
Contributions, Gifts and Donations	2,427		2,427
Miscellaneous Revenue	7,030		7,030
	<hr/>		<hr/>
Total Cash Receipts	1,019,071		1,019,071
	<hr/>		<hr/>
Cash Disbursements:			
Salaries and Benefits	521,087		521,087
Supplies	41,720		41,720
Purchased and Contracted Services	84,914		84,914
Library Material and Information	250,042		250,042
Other Objects	13,246		13,246
Capital Outlay	186,204	\$14,619	200,823
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	1,097,213	14,619	1,111,832
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(78,142)	(14,619)	(92,761)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	388,768	450,000	838,768
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$310,626	\$435,381	\$746,007
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	\$73,384		\$73,384
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The notes to the financial statements are an integral part of this statement.

**EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY
COLUMBIANA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

East Liverpool Carnegie Public Library, Columbiana 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 the State of Ohio. The Library is directed by a six-member Board of Trustees appointed by the Mayor of the City of East Liverpool. 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 money to purchase computer equipment for the library.

**EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY
COLUMBIANA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

Building Fund - This fund receives money transferred from the General Fund to construct and/or improve the current library building.

E. Budgetary Process

The Ohio Administrative Code requires budgeting for each fund annually.

1. Appropriations

The Board of Trustees 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, function, and object level of control.

2. Estimated Resources

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

3. Encumbrances

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

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 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 Library's basis of accounting.

**EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY
COLUMBIANA COUNTY**

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

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 and investments at December 31 follows:

	<u>2001</u>	<u>2000</u>
Demand deposits	\$363,391	\$336,730
Certificates of deposit	<u>423,086</u>	<u>409,277</u>
Total deposits	<u>\$786,477</u>	<u>\$746,007</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.

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,260,106	\$1,280,291	(\$20,185)
Special Revenue	16,708	15,327	1,381
Capital Project	<u>535,381</u>	<u>53,106</u>	<u>482,275</u>
Total	<u>\$1,812,195</u>	<u>\$1,211,221</u>	<u>\$463,471</u>

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$981,734	\$1,019,071	\$37,337
Capital Project	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$981,734</u>	<u>\$1,019,071</u>	<u>\$37,337</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,360,502	\$1,170,597	\$189,905
Capital Project	<u>185,000</u>	<u>14,619</u>	<u>170,381</u>
Total	<u>\$1,545,502</u>	<u>\$1,185,216</u>	<u>\$360,286</u>

**EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY
COLUMBIANA COUNTY**

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

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 any additional revenues the Library receives.

5. RETIREMENT SYSTEM

The Library's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, 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, 2001. The Library has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

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

The Library also provides health insurance coverage to full-time employees and part-time employees.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West, Suite
302
Youngstown, Ohio 44503

Telephone 330-797-9900
800-443-9271

Facsimile 330-797-9949

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

East Liverpool Carnegie Public Library
Columbiana County
219 East Fourth Street
East Liverpool, Ohio 43920

To the Board of Trustees:

We have audited the financial statements of East Liverpool Carnegie Public Library, Columbiana County, (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated October 24, 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 October 24, 2002.

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 24, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY

COLUMBIANA 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
NOVEMBER 26, 2002**