



**Auditor of State**  
**Betty Montgomery**



**ASHLAND PUBLIC LIBRARY  
ASHLAND COUNTY**

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**Auditor of State  
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**INDEPENDENT ACCOUNTANTS' REPORT**

Ashland Public Library  
Ashland County  
224 Claremont Avenue  
Ashland, Ohio 44805

To the Board of Trustees:

We have audited the accompanying financial statements of the Ashland Public Library, Ashland County, Ohio, (the Library) as of and for the years ended December 31, 2002 and 2001. 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 Library as of December 31, 2002 and 2001, 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 May 22, 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.

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

May 22, 2003

**ASHLAND PUBLIC LIBRARY  
ASHLAND COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$5,042			\$5,042
Other Government Grants-In-Aid	1,253,967			1,253,967
Patron Fines and Fees	48,948			48,948
Earnings on Investments	37,369			37,369
Contributions, Gifts and Donations	8,305		\$5,177	13,482
Miscellaneous Receipts	13,815			13,815
<b>Total Cash Receipts</b>	<b>1,367,446</b>		<b>5,177</b>	<b>1,372,623</b>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	803,690			803,690
Supplies	41,457		5,723	47,180
Purchased and Contracted Services	159,120	\$4,789		163,909
Library Materials and Information	235,912			235,912
Other Objects	12,011			12,011
Capital Outlay	5,684	59,590		65,274
<b>Total Cash Disbursements</b>	<b>1,257,874</b>	<b>64,379</b>	<b>5,723</b>	<b>1,327,976</b>
Total Cash Receipts Over/(Under) Cash Disbursements	109,572	(64,379)	(546)	44,647
Fund Cash Balances, January 1	456,794	1,086,866	241,630	1,785,290
<b>Fund Cash Balances, December 31</b>	<b>\$566,366</b>	<b>\$1,022,487</b>	<b>\$241,084</b>	<b>\$1,829,937</b>
Reserves for Encumbrances, December 31	\$322,795	\$46,239	\$551	\$369,585

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

**ASHLAND PUBLIC LIBRARY  
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$185			\$185
Other Government Grants-In-Aid	1,359,874			1,359,874
Patron Fines and Fees	45,854			45,854
Earnings on Investments	100,926			100,926
Contributions, Gifts and Donations	12,379	\$16,708	\$23,164	52,251
Miscellaneous Receipts	27,497			27,497
	<u>1,546,715</u>	<u>16,708</u>	<u>23,164</u>	<u>1,586,587</u>
Total Cash Receipts				
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	769,332			769,332
Supplies	43,228		960	44,188
Purchased and Contracted Services	168,065	12,559		180,624
Library Materials and Informaton	234,246		98	234,344
Other Objects	21,391			21,391
Capital Outlay	597	361,265		361,862
	<u>1,236,859</u>	<u>373,824</u>	<u>1,058</u>	<u>1,611,741</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>309,856</u>	<u>(357,116)</u>	<u>22,106</u>	<u>(25,154)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		300,000		300,000
Transfers-Out	(300,000)			(300,000)
	<u>(300,000)</u>	<u>300,000</u>		
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	9,856	(57,116)	22,106	(25,154)
Fund Cash Balances, January 1	<u>446,938</u>	<u>1,143,982</u>	<u>219,524</u>	<u>1,810,444</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$456,794</u></b>	<b><u>\$1,086,866</u></b>	<b><u>\$241,630</u></b>	<b><u>\$1,785,290</u></b>
Reserves for Encumbrances, December 31	<u>\$307,097</u>	<u>\$20,690</u>	<u>\$34</u>	<u>\$327,821</u>

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

**ASHLAND PUBLIC LIBRARY  
ASHLAND COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Ashland Public Library, Ashland 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 Ashland City School District Board of Education. The Library provides the community with various educational and literary resources.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are included in the fund cash balances. 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. 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:

**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

**ASHLAND PUBLIC LIBRARY  
ASHLAND COUNTY**

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

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

**D. Fund Accounting (Continued)**

**2. 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 funds:

Building Equipment and Repair Fund – This fund receives money from the General Fund to make land improvements, repair and maintain property, and purchase furniture and equipment.

Bookmobile Replacement Fund – This fund receives money from the General Fund and provides for the accumulation of funds used to replace the bookmobile.

**3. Fiduciary Fund (Trust Fund)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had the following expendable trust fund:

Expendable Trust Memorial Trust Fund – This fund receives donations to purchase library materials, supplies, and equipment.

**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 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.

**ASHLAND PUBLIC LIBRARY  
ASHLAND COUNTY**

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

	2002	2001
Demand deposits	\$487,564	\$473,223
Certificates of deposit	942,697	919,490
Total deposits	1,430,261	1,392,713
 STAR Ohio	 399,676	 392,577
 Total deposits and investments	 \$1,829,937	 \$1,785,290

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

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

**3. BUDGETARY ACTIVITY**

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

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,822,549	\$1,580,669	\$241,880
Capital Projects	1,086,867	110,618	976,249
Fiduciary	241,931	6,274	235,657
Total	\$3,151,347	\$1,697,561	\$1,453,786

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,929,409	\$1,843,956	\$85,453
Capital Projects	1,160,691	394,514	766,177
Fiduciary	242,767	1,092	241,675
Total	\$3,332,867	\$2,239,562	\$1,093,305

**ASHLAND PUBLIC LIBRARY  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(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 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 payments, 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. RETIREMENT SYSTEM**

The Ohio Public Employees Retirement System of Ohio. (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 for 2002 and 2001. The Library has paid all contributions required through December 31, 2002.

**6. RISK MANAGEMENT**

**Commercial Insurance**

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

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

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



**Auditor of State  
Betty Montgomery**

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

Ashland Public Library  
Ashland County  
224 Claremont Avenue  
Ashland, Ohio 44805

To the Board of Trustees:

We have audited the accompanying financial statements of the Ashland Public Library, Ashland County, Ohio, (the Library) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 22, 2003. 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.

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

May 22, 2003



**Auditor of State  
Betty Montgomery**

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**ASHLAND PUBLIC LIBRARY**

**ASHLAND 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 8, 2003**