



Mary Taylor, CPA
Auditor of State

EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY
COLUMBIANA COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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 East Liverpool Carnegie Public Library, Columbiana County, (the Library) as of and for the years ended December 31, 2003 and 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these 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 East Liverpool Carnegie Public Library, Columbiana County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

September 10, 2008

**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, 2003**

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | |
| Library and Local Government Support | \$892,233 | | | \$892,233 |
| Intergovernmental | | \$15,200 | | 15,200 |
| Patron Fines and Fees | 5,302 | | | 5,302 |
| Contributions, Gifts and Donations | 4,000 | | | 4,000 |
| Earnings on Investments | 5,190 | | | 5,190 |
| Miscellaneous Revenue | 13,750 | | | 13,750 |
| Total Cash Receipts | <u>920,475</u> | <u>15,200</u> | | <u>935,675</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| Salaries | 499,468 | | | 499,468 |
| Employee Fringe Benefits | 207,485 | | | 207,485 |
| Purchased and Contracted Services | 99,808 | | \$10,972 | 110,780 |
| Library Materials and Information | 145,927 | | | 145,927 |
| Supplies | 13,262 | | | 13,262 |
| Other | 8,906 | | | 8,906 |
| Debt Service: | | | | |
| Redemption of Principal | 1,766 | | | 1,766 |
| Interest and Fiscal Charges | 372 | | | 372 |
| Capital Outlay | 16,528 | | 165,269 | 181,797 |
| Total Cash Disbursements | <u>993,522</u> | | <u>176,241</u> | <u>1,169,763</u> |
| Total Receipts Over/(Under) Disbursements | <u>(73,047)</u> | <u>15,200</u> | <u>(176,241)</u> | <u>(234,088)</u> |
| Other Financing Receipts and (Disbursements): | | | | |
| Proceeds from Sale of Public Debt: | | | | |
| Sale of Notes | 11,530 | | | 11,530 |
| Transfers-In | 100,000 | | | 100,000 |
| Transfers-Out | | | (100,000) | (100,000) |
| Total Other Financing Receipts/(Disbursements) | <u>111,530</u> | | <u>(100,000)</u> | <u>11,530</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | <u>38,483</u> | <u>15,200</u> | <u>(276,241)</u> | <u>(222,558)</u> |
| Fund Cash Balances, January 1 | <u>115,459</u> | <u>4</u> | <u>471,461</u> | <u>586,924</u> |
| Fund Cash Balances, December 31 | <u><u>\$153,942</u></u> | <u><u>\$15,204</u></u> | <u><u>\$195,220</u></u> | <u><u>\$364,366</u></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, 2002**

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | |
| Library and Local Government Support | \$902,961 | | | \$902,961 |
| Intergovernmental | 37,500 | | | 37,500 |
| Patron Fines and Fees | 1,001 | | | 1,001 |
| Contributions, Gifts and Donations | 6,950 | | | 6,950 |
| Earnings on Investments | 18,358 | | | 18,358 |
| Miscellaneous Revenue | 9,466 | | | 9,466 |
| Total Cash Receipts | 976,236 | | | 976,236 |
| Cash Disbursements: | | | | |
| Current: | | | | |
| Salaries | 489,035 | | | 489,035 |
| Employee Fringe Benefits | 164,424 | | | 164,424 |
| Purchased and Contracted Services | 108,933 | \$5,500 | \$17,032 | 131,465 |
| Library Materials and Information | 199,190 | | | 199,190 |
| Supplies | 28,874 | 93 | | 28,967 |
| Other | 9,364 | | | 9,364 |
| Capital Outlay | 22,923 | 34,663 | 95,758 | 153,344 |
| Total Cash Disbursements | 1,022,743 | 40,256 | 112,790 | 1,175,789 |
| Total Receipts Over/(Under) Disbursements | (46,507) | (40,256) | (112,790) | (199,553) |
| Fund Cash Balances, January 1 | 161,966 | 40,260 | 584,251 | 786,477 |
| Fund Cash Balances, December 31 | \$115,459 | \$4 | \$471,461 | \$586,924 |

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, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the East Liverpool Carnegie Public Library, Columbiana County, (the Library) as a body corporate and politic. The Mayor of East Liverpool appoints a six-member Board of Trustees to govern the Library. 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. 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. 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 the Auditor of State prescribes or permits.

C. Cash 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.

The Library values certificates of deposit 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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

Grant Fund – This fund accounts for grant monies received to spend for specific purposes.

**EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY
COLUMBIANA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following significant Capital Project Fund:

Building Fund – This fund was established to pay for major repairs and renovations to the library.

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 level of control.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. 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.

G. 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

| | <u>2003</u> | <u>2002</u> |
|-------------------------|------------------|------------------|
| Demand deposits | \$64,831 | \$255,560 |
| Certificates of deposit | 299,535 | 331,364 |
| Total deposits | <u>\$364,366</u> | <u>\$586,924</u> |

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY
COLUMBIANA COUNTY**

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

3. BUDGETARY ACTIVITY

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

| 2003 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$965,735 | \$1,032,005 | \$66,270 |
| Special Revenue | 10,000 | 15,200 | 5,200 |
| Capital Projects | 18,000 | | (18,000) |
| Total | \$993,735 | \$1,047,205 | \$53,470 |

| 2003 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$1,052,807 | \$993,522 | \$59,285 |
| Special Revenue | 10,004 | | 10,004 |
| Capital Projects | 354,923 | 276,241 | 78,682 |
| Total | \$1,417,734 | \$1,269,763 | \$147,971 |

| 2002 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$1,031,264 | \$976,236 | (\$55,028) |
| Special Revenue | 51,200 | | (51,200) |
| Capital Projects | 12,000 | | (12,000) |
| Total | \$1,094,464 | \$976,236 | (\$118,228) |

| 2002 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$1,127,240 | \$1,022,743 | \$104,497 |
| Special Revenue | 51,200 | 40,256 | 10,944 |
| Capital Projects | 596,251 | 112,790 | 483,461 |
| Total | \$1,774,691 | \$1,175,789 | \$598,902 |

4. GRANTS-IN-AID

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF 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.

**EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY
COLUMBIANA COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

| | Principal | Interest Rate |
|-------------------------|-----------|---------------|
| General Obligation Note | \$9,764 | 4.99% |

The Library issued general obligation note to finance the purchase of a 2003 van. The van collateralized the note.

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

| Year ending December 31: | General Obligation Note |
|--------------------------|-------------------------------|
| 2004 | \$3,192 |
| 2005 | 3,192 |
| 2006 | 3,192 |
| 2007 | 1,064 |
| Total | \$10,640 |

6. RETIREMENT SYSTEM

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 this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2003 and 2002, OPERS members contributed 8.5% of their gross salaries and the Library contributed an amount equaling 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 the East Liverpool Carnegie Public Library, Columbiana County, (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 10, 2008. 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 the Comptroller General of the United States' *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 to express our opinion on the financial statements and not to opine on the effectiveness of the Library's internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Library's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2003-001 and 2003-002.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider reportable conditions 2003-001 and 2002-002 listed above to be material weaknesses.

In a separate letter to the Library's management dated September 10, 2008, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

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, providing an opinion 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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001.

We intend this report solely for the information and use of management and the Library Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

September 10, 2008

**EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2003-001

Noncompliance Citation/Reportable Condition/Material Weakness

Ohio Administrative Code Section 117-2-02 requires the Library to maintain accounting records sufficient to assure accountability of entity assets. It also states that the Library must have internal controls sufficient to assure that recorded transactions have occurred and are not fictitious. The Library fund balance did not balance to the depository balance in 2003 or 2002 as a result of posting errors throughout the years. The Library does not complete reconciliations in a timely manner resulting in the errors going undetected for long periods of time. The following table shows the net amount of adjustments made to the cash fund balances during 2003 and 2002 and an adjustment for interest that had not been posted in 2003:

| Year | Fund | Original Fund Balance | Adjusted Fund Balance | Net Amount of Adjustment |
|------|---------|-----------------------|-----------------------|--------------------------|
| 2003 | General | \$165,639 | \$153,942 | (\$11,697) |
| 2002 | General | \$114,701 | \$115,459 | \$758 |
| Year | Fund | Interest Posted | Adjusted Interest | Net Amount of Adjustment |
| 2003 | General | \$0 | \$5,190 | \$5,190 |

These adjustments have been posted to the financial statements and the Library's accounting system.

The Library should establish an effective accounting system that includes accurate accounting of transactions, accurate monthly reconciliations, and review of the reconciliation. All accounts should be included on the ledgers and reconciliations. The Library should also implement procedures for the review of the activity posted to the accounting records and financial statements.

Implementing these procedures will help improve internal control over the Library's transactions and the presentation of their activity. This will also reduce the risk of errors going undetected for long periods of time.

FINDING NUMBER 2003-002

Reportable Condition/Material Weakness

Coding and Classifying Receipts

In addition to the errors noted in finding 2003-001, the Library did not correctly code and classify receipt in 2003 and 2002, resulting in adjustments and reclassifications to the financial statements. The Deputy Clerk has agreed to and posted the adjustments to the ledgers and these corrected amounts are reflected in the accompanying financial statements. The following table shows the amount of reclassifications made to account balances during 2003 and 2002:

| Year | Fund | From Account Balance | To Account Balance | Amount of Reclassification |
|------|---------|----------------------|----------------------------|----------------------------|
| 2003 | Grant | Donation Receipts | Intergovernmental Receipts | \$15,200 |
| 2002 | General | Donation Receipts | Intergovernmental Receipts | \$37,500 |

Failure to consistently follow a uniform chart of accounts increases the possibility that the Library will not be able to identify, assemble, analyze, classify, record and report its transactions correctly or to document compliance with finance-related legal and contractual requirements. The Deputy Clerk should maintain the accounting system to enable the Library to identify, assemble, analyze, classify, record and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the chart of accounts to help ensure that financial activity of the Library is accurately recorded and reported. In addition, the Library should adopt procedures for the review of posting of transactions and subsequent posting to the financial statements.



Mary Taylor, CPA
Auditor of State

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
JANUARY 20, 2009