



**OHIO VALLEY AREA LIBRARIES  
JACKSON COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**OHIO VALLEY AREA LIBRARIES  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Ohio Valley Area Libraries  
Jackson County  
252 West Thirteenth Street  
Wellston, Ohio 45692

To the Board of Trustees:

We have audited the accompanying financial statements of the Ohio Valley Area Libraries, Jackson County, Ohio, (the Library) as of and for the year ended June 30, 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 generally accepted auditing standards 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 Ohio Valley Area Libraries, Jackson County, as of June 30, 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 September 21, 2000, 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. This 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.

Ohio Valley Area Libraries  
Jackson County  
Report of Independent Accountants  
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This report is intended solely for the information and use of the audit committee, management, 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", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

September 21, 2000

**OHIO VALLEY AREA LIBRARIES  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Federal Grants-in-Aid	\$	\$55,764	\$	\$55,764
State Grants-In-Aid		370,203		370,203
Patron Fines and Fees	268			268
Earnings on Investments	10,957			10,957
Services Provided to Other Entities	27,903	15,247		43,150
Miscellaneous Receipts	5,963			5,963
<b>Total Cash Receipts</b>	<u>45,091</u>	<u>441,214</u>	<u>0</u>	<u>486,305</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	360	251,075		251,435
Supplies	3,209	15,878		19,087
Purchased and Contracted Services	47,031	78,052	18,542	143,625
Library Supplies And Information	422	9,400		9,822
Other Objects	675			675
Capital Outlay	5,913	125,600	7,264	138,777
<b>Total Cash Disbursements</b>	<u>57,610</u>	<u>480,005</u>	<u>25,806</u>	<u>563,421</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>(12,519)</u>	<u>(38,791)</u>	<u>(25,806)</u>	<u>(77,116)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	17,569	7,421		24,990
Transfers-Out	(7,421)	(17)		(7,438)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>10,148</u>	<u>7,404</u>	<u>0</u>	<u>17,552</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(2,371)</u>	<u>(31,387)</u>	<u>(25,806)</u>	<u>(59,564)</u>
<b>Fund Cash Balances, July 1</b>	<u>52,196</u>	<u>92,645</u>	<u>48,663</u>	<u>193,504</u>
<b>Fund Cash Balances, June 30</b>	<u><b>\$49,825</b></u>	<u><b>\$61,258</b></u>	<u><b>\$22,857</b></u>	<u><b>\$133,940</b></u>
<b>Reserves for Encumbrances, June 30</b>	<u><b>\$3,150</b></u>	<u><b>\$56,585</b></u>	<u><b>\$0</b></u>	<u><b>\$59,735</b></u>

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

**OHIO VALLEY AREA LIBRARIES  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Services Provided to Other Entities	\$201,009	\$148,799	\$349,808
Total Operating Cash Receipts	<u>201,009</u>	<u>148,799</u>	<u>349,808</u>
<b>Operating Cash Disbursements:</b>			
Current:			
Salaries and Benefits	71,738		71,738
Supplies	2,570	652	3,222
Purchased and Contracted Services	87,546	24,400	111,946
Library Materials and Information	16,656		16,656
Other Objects		118,727	118,727
Total Operating Cash Disbursements	<u>178,510</u>	<u>143,779</u>	<u>322,289</u>
Operating Income/(Loss)	<u>22,499</u>	<u>5,020</u>	<u>27,519</u>
Transfers-Out	<u>(17,552)</u>		<u>(17,552)</u>
Net Receipts Over/(Under) Disbursements	4,947	5,020	9,967
Fund Cash Balances, July 1	<u>71,894</u>	<u>17,115</u>	<u>89,009</u>
<b>Fund Cash Balances, June 30</b>	<b><u>\$76,841</u></b>	<b><u>\$22,135</u></b>	<b><u>\$98,976</u></b>
Reserves for Encumbrances, June 30	<u>\$11,876</u>	<u>\$7,347</u>	<u>\$19,223</u>

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



**OHIO VALLEY AREA LIBRARIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Ohio Valley Area Libraries (the Library), is an area library service organization created and governed according to the provisions of Ohio Rev. Code § 3375.70 through § 3375.73. The Library cannot be defined as a political subdivision or taxing district, therefore, it is not required to file an annual financial report. Under the provisions of Ohio Rev. Code § 3375.72, an area library service organization is subject to the record keeping procedures prescribed by the Auditor of State and is subject to audit.

The Library is composed of autonomous public libraries in the Ohio counties of Athens, Hocking, Jackson, Lawrence, Meigs, Pike, Ross, Scioto, and Vinton, and derives its power from Ohio Rev. Code § 3375.71, and other relevant sections..

The Board of Trustees of each member library shall elect one of its Trustees to the Library Board of Trustees, for a two-year term, arranged so that half of the terms expire each year.

Management believes the financial statements included in this report represent all of the funds of the Library over which the Library has the ability to exercise direct operating control.

**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**

The Library has a primary checking account and a money market account.

**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 Funds:

**OHIO VALLEY AREA LIBRARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*State Library Fund* - This fund received money from the state for operating expenses of the Library

*Federal Library Fund* - This fund received money from the federal government for operating expenses of the Library

**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 received money for grounds improvements.

**4. Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Library had the following significant Enterprise Fund:

*Outside Books by Mail Contracts Fund* - This fund received money from public participating member libraries for services rendered by the Library.

**5. Fiduciary Funds (Trust and Agency Funds)**

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 significant Fiduciary Fund:

*Insurance Fund* - This Agency Fund received money from participating member libraries to pay insurance expenses of the user group.

**E. Budgetary Process**

The Ohio Administrative Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**OHIO VALLEY AREA LIBRARIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

**E. Budgetary Process (Continued)**

**3. Encumbrances**

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

A summary of 2000 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. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

**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 June 30 follows:

	<u>2000</u>
Demand deposits	\$232,916

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Library.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending June 30, 2000 as follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$62,660	\$62,660	\$0
Special Revenue	448,635	448,635	0
Capital Projects	0	0	0
Enterprise	201,009	201,009	0
Fiduciary	148,799	148,799	0
Total	\$861,103	\$861,103	\$0

**OHIO VALLEY AREA LIBRARIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$114,856	\$68,181	\$46,675
Special Revenue	553,499	536,607	16,892
Capital Projects	48,663	25,806	22,857
Enterprise	255,350	207,938	47,412
Fiduciary	169,198	151,126	18,072
Total	\$1,141,566	\$989,640	\$151,926

**4. LEASE PURCHASE AGREEMENTS**

Lease Purchase agreement outstanding at June 30, 2000 was as follows:

Provider	Purpose	Amount
Arthur Alan Corporation	Building/Office Space	\$178,940

**5. RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. The Library's PERS 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 June 30, 2000.

**6. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles



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

Ohio Valley Area Libraries  
Jackson County  
252 West Thirteenth Street  
Wellston, Ohio 45692

To the Board of Trustees:

We have audited the accompanying financial statements of the Ohio Valley Area Libraries, Jackson County, Ohio (the Library) as of and for the year ended June 30, 2000, and have issued our report thereon dated September 21, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 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, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

September 21, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

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**OHIO VALLEY AREA LIBRARIES**

**JACKSON 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  
OCTOBER 24, 2000**