



**WASHINGTON COUNTY PUBLIC LIBRARY
WASHINGTON COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Washington County Public Library
Washington County
615 Fifth Street
Marietta, Ohio 45750

To the Board of Trustees:

We have audited the accompanying financial statement of the Washington County Public Library, Washington County, Ohio, (the Library) as of and for the year ended December 31, 1999. This financial statement is the responsibility of the Library's management. Our responsibility is to express an opinion on this financial statement 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 statement 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 statement referred to above presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Library as of December 31, 1999, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 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 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".

Jim Petro
Auditor of State

February 2, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Governmental Grants-In-Aid	\$2,338,257	\$0	\$0	2,338,257
Patron Fines and Fees	63,154	0	0	63,154
Earnings on Investments	39,283	10,377	0	49,660
Contributions, Gifts and Donations	12,717	0	154	12,871
Miscellaneous Receipts	4,555	0	0	4,555
Total Cash Receipts	<u>2,457,966</u>	<u>10,377</u>	<u>154</u>	<u>2,468,497</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	1,141,400	0	0	1,141,400
Supplies	56,981	0	0	56,981
Purchased and Contracted Services	294,562	0	0	294,562
Library Materials and Information	408,125	9,787	0	417,912
Other Objects	15,795	0	0	15,795
Capital Outlay	63,095	0	186,158	249,253
Total Cash Disbursements	<u>1,979,958</u>	<u>9,787</u>	<u>186,158</u>	<u>2,175,903</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>478,008</u>	<u>590</u>	<u>(186,004)</u>	<u>292,594</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	0	694,722	694,722
Transfers-Out	(694,722)	0	0	(694,722)
Total Other Financing Receipts/(Disbursements)	<u>(694,722)</u>	<u>0</u>	<u>694,722</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(216,714)</u>	<u>590</u>	<u>508,718</u>	<u>292,594</u>
Fund Cash Balances, January 1	<u>500,626</u>	<u>22,929</u>	<u>74,635</u>	<u>598,190</u>
Fund Cash Balances, December 31	<u>\$283,912</u>	<u>\$23,519</u>	<u>\$583,353</u>	<u>\$890,784</u>
Reserves for Encumbrances, December 31	<u>\$107,493</u>	<u>\$2,575</u>	<u>\$70,517</u>	<u>\$180,585</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Washington County Public Library, Washington 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 seven-member Board of Trustees of which three are appointed by the Washington County Court of Common Pleas, and four are appointed by the Washington County Commissioners. 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.

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.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Funds:

Curran Fund - This fund is used to account for proceeds used from a donation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Pfaff Fund - This fund is used to account for proceeds used from a donation.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following significant Capital Project Funds:

History/Genealogy Building and Improvement Fund - This fund receives restricted contributions, gifts, and donations to maintain, construct, repair, furnish, or equip the Library's buildings.

System-Wide Computer Equipment Fund - This fund receives funds to purchase new computers for the Library.

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.

3. Encumbrances

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

A summary of 1999 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

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 December 31 follows:

	1999
Demand deposits	\$68,940
Petty Cash	590
Total deposits	69,530
STAR Ohio	821,254
Total investments	821,254
Total deposits and investments	\$890,784

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

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 year ending December 31, 1999, follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,331,400	\$2,457,966	\$126,566
Special Revenue	9,600	10,377	777
Capital Projects	425,000	694,876	269,876
Total	\$2,766,000	\$3,163,219	\$397,219

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,782,176	\$2,782,173	\$3
Special Revenue	12,362	12,362	0
Capital Projects	256,674	256,675	(1)
Total	\$3,051,212	\$3,051,210	\$2

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 on account of any additional revenues realized by the Library.

5. RETIREMENT SYSTEM

The Library's employees belong to the Public Employees Retirement System of Ohio (PERS). 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 December 31, 1999.

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 and vision coverage to full-time employees through a private carrier.

7. YEAR 2000 ISSUE

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the Library's operations.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

7. YEAR 2000 ISSUE (Continued)

As of February 2, 2000, the Library identified the following mission-critical electronic systems and equipment:

- During February, 1999, the Library contracted with Today's Computers Business Center (TCBC), for \$1,080, to have all of the Library's computers tested. The computers that failed the test were replaced with new computers. The Library purchased 14 new computers from TCBC to replace the computers that were not Year 2000 compliant.
- The Library uses Software Solutions, Inc. (SSI), for its financial reporting and budgetary system. In October, 1999, the Library installed the Year 2000 compliant upgrade to their system.
- The Library uses Automatic Data Processing, Inc. (ADP), for its payroll and employee benefit system. ADP has asserted that the software is Year 2000 compliant.
- The State of Ohio distributes money to the Library in the form of State grants. The State is responsible for remediating this system.
- The Washington County Auditor distributes LLGSF money, from the State, to the Library. The County is responsible for remediating this system.

To the best of management's knowledge and belief, as of February 2, 2000, the Library experienced no significant interruption of mission-critical operations or services related to the Year 2000 Issue. However, because of the unprecedented nature of the Year 2000 Issue, matters may yet arise, and parties with whom the Library does business may also experience Year 2000 readiness issues that are as yet, unknown.



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

Washington County Public Library
Washington County
615 Fifth Street
Marietta, Ohio 45750

To the Board of Trustees:

We have audited the accompanying financial statement of the Washington County Public Library, Washington County, Ohio (the Library), as of and for the year ended December 31, 1999, and have issued our report thereon dated February 2, 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 statement is 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 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 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".

Jim Petro
Auditor of State

February 2, 2000



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WASHINGTON COUNTY PUBLIC LIBRARY

WASHINGTON 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
FEBRUARY 29, 2000