



**OAK HILL PUBLIC LIBRARY
JACKSON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

OAK HILL PUBLIC LIBRARY
JACKSON 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, 2000	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13
Corrective Action Plan	14

This page intentionally left blank.



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

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

REPORT OF INDEPENDENT ACCOUNTANTS

Oak Hill Public Library
Jackson County
316 West Main Street
Oak Hill, Ohio 45656

To the Board of Trustees:

We have audited the accompanying financial statements of the Oak Hill Public Library, Jackson County, Ohio (the Library), as of and for the years ended December 31, 2000 and 1999. 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 Oak Hill Public Library, Jackson County, as of December 31, 2000 and 1999 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 April 25, 2001 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, 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.

Jim Petro
Auditor of State

April 25, 2001

This page intentionally left blank.

**OAK HILL PUBLIC LIBRARY
JACKSON 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**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Capital Projects	
Cash Receipts:			
State Income Taxes	\$278,814	\$	\$278,814
Patron Fines and Fees	3,283		3,283
Earnings on Investments	65,438		65,438
Contributions, Gifts and Donations	860		860
Miscellaneous Receipts	507		507
 Total Cash Receipts	 348,902	 0	 348,902
Cash Disbursements:			
Current:			
Salaries and Benefits	83,000		83,000
Purchased and Contracted Services	34,415		34,415
Other Objects	942		942
Library Materials	26,066		26,066
Supplies	3,101		3,101
Capital Outlay	8,822	3,995	12,817
 Total Cash Disbursements	 156,346	 3,995	 160,341
 Total Cash Receipts Over/(Under) Cash Disbursements	 192,556	 (3,995)	 188,561
Other Financing Receipts/(Disbursements):			
Transfers-In		200,000	200,000
Transfers-Out	(200,000)		(200,000)
 Total Other Financing Receipts/(Disbursements)	 (200,000)	 200,000	 0
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (7,444)	 196,005	 188,561
 Fund Cash Balances, January 1	 684,288	 626,827	 1,311,115
 Fund Cash Balances, December 31	 \$676,844	 \$822,832	 \$1,499,676
 Reserves for Encumbrances, December 31	 \$2,851	 \$0	 \$2,851

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

**OAK HILL PUBLIC LIBRARY
JACKSON COUNTY**

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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Capital Projects	
Cash Receipts:			
State Income Taxes	\$258,611	\$	\$258,611
Patron Fines and Fees	2,982		2,982
Earnings on Investments	57,427		57,427
Contributions, Gifts and Donations	88		88
Miscellaneous Receipts	137		137
	319,245	0	319,245
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries and Benefits	79,980		79,980
Purchased and Contracted Services	26,080		26,080
Other Objects	875		875
Library Materials	27,531		27,531
Supplies	2,302		2,302
Capital Outlay	10,630	15,222	25,852
	147,398	15,222	162,620
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	171,847	(15,222)	156,625
Other Financing Receipts/(Disbursements):			
Transfers-In		200,000	200,000
Transfers-Out	(200,000)		(200,000)
	(200,000)	200,000	0
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(28,153)	184,778	156,625
Fund Cash Balances, January 1	712,441	442,049	1,154,490
Fund Cash Balances, December 31	\$684,288	\$626,827	\$1,311,115
Reserves for Encumbrances, December 31	\$1,082	\$0	\$1,082

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

**OAK HILL PUBLIC LIBRARY
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Oak Hill Public Library, Jackson 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 appointed by the Oak Hill Board of Education. The Library provides the community with various educational and literary resources. The Library is involved with the Ohio Valley Area Libraries (OVAL) which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 8.

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

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. Capital Project Fund

The Capital Project Fund is used for the purpose of improvements to the existing facility or construction of major capital projects.

OAK HILL PUBLIC LIBRARY
JACKSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and function 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 2000 and 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.

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 at December 31 follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$484,190	\$352,701
Certificates of deposit	<u>1,015,486</u>	<u>958,414</u>
Total deposits	1,499,676	1,311,115

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

**OAK HILL PUBLIC LIBRARY
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$327,235	\$348,902	\$21,667
Capital Projects	200,000	200,000	0
Total	\$527,235	\$548,902	\$21,667

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$417,500	\$359,197	\$58,303
Capital Projects	778,000	3,995	774,005
Total	\$1,195,500	\$363,192	\$832,308

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$296,973	\$319,245	\$22,272
Capital Projects	200,000	200,000	0
Total	\$496,973	\$519,245	\$22,272

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$404,500	\$348,480	\$56,020
Capital Projects	538,000	15,222	522,778
Total	\$942,500	\$363,702	\$578,798

**OAK HILL PUBLIC LIBRARY
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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 on account of any additional revenues realized by the Library.

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. The plan provides retirement benefits, including postretirement 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. Effective July 1, 2000 the employers' contribution rate decreased to 8.13% of the participants' gross salaries. The Library has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Inland Marine - Specifically described property

The Library also pays one-half of the health insurance premium of the Library Director through a private carrier.

7. SUBSEQUENT EVENTS

The Board of Trustees voted in January 2001 to purchase property at a cost of \$175,000 and construct a new Library building. The property is to be purchased with cash and no debt will be incurred.

8. JOINTLY GOVERNED ORGANIZATION

The Ohio Valley Area Libraries (OVAL) is an area Library service organization created and governed according to the provisions of Sections 3375.70 through 3375.73, Revised Code. OVAL is composed of autonomous public Libraries in the Ohio Counties of Athens, Hocking, Jackson, Lawrence, Meigs, Pike, Ross, Scioto and Vinton. As of 12/31/00, OVAL's Board of Trustees consisted of one Trustee from each of the member Libraries. Effective 01/01/01, OVAL's Board of Trustees is comprised of the Library Director from each of the member Libraries. The Oak Hill Public Library's control over budgeting and financing of OVAL is limited to its voting authority and its representation on OVAL's Board of Trustees.

**OAK HILL PUBLIC LIBRARY
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

8. JOINTLY GOVERNED ORGANIZATION (Continued)

The Library pays an annual fee to the Ohio Valley Area Libraries. The Library paid \$17,386 to OVAL during the period January 1, 1999 through December 31, 2000. The Library paid membership dues in the amount of \$123 during OVAL's fiscal year July 1, 1999 to June 30, 2000. The Library's membership dues for OVAL's fiscal year July 1, 2000 to June 30, 2001 have not been assessed.

This page intentionally left blank.



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

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

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

Oak Hill Public Library
Jackson County
316 West Main Street
Oak Hill, Ohio 45656

To the Board of Trustees:

We have audited the accompanying financial statements of the Oak Hill Public Library, Jackson County, Ohio (the Library), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 25, 2001. 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 judgement, could adversely affect the Library's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-00740-001.

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. 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 to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. 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 April 25, 2001.

Oak Hill Public Library
Jackson County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management, and 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

April 25, 2001

OAK HILL PUBLIC LIBRARY
JACKSON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-00740-001

Reportable Condition

The Library has a policy of encumbering funds through the use of a purchase order prior to incurring a commitment. It is at this time that the Treasurer certifies the availability of funds. During our testing of disbursements, we found numerous instances where purchase commitments were not certified by the Treasurer or encumbered until the time of payment.

We recommend monies be encumbered and a purchase order created before a financial commitment for a product or service is incurred.

OAK HILL PUBLIC LIBRARY
JACKSON COUNTY

CORRECTIVE ACTION PLAN
DECEMBER 31, 2000 AND 1999

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2000-00740-001	All purchases for the operation of the Oak Hill Public Library will originate with a numbered purchase order signed by the Clerk/Treasurer certifying the availability of funds.	Immediately	Clerk/Treasurer Kay Whitt



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

OAK HILL PUBLIC LIBRARY

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
JUNE 12, 2001**