



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MEIGS COUNTY DISTRICT PUBLIC LIBRARY
MEIGS COUNTY

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

743 East State Street
Suite B, Athens Mall
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Meigs County District Public Library
Meigs County
216 West Main Street
Pomeroy, Ohio 45769

To the Board of Trustees:

We have audited the accompanying financial statements of the Meigs County District Public Library, Meigs County, Ohio (the Library), as of and for the years ended December 31, 2001 and 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 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 of the Meigs County District Public Library, Meigs County, as of December 31, 2001 and 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 May 31, 2002 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, 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". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

May 31, 2002

**MEIGS COUNTY DISTRICT PUBLIC LIBRARY
MEIGS COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Government Grants in Aid	\$946,554	\$73,432	\$	\$1,019,986
Patron Fines and Fees	12,102			12,102
Earnings on Investments	56,089			56,089
Contributions, Gifts and Donations	822			822
Other Revenue	6,128			6,128
	<u>1,021,695</u>	<u>73,432</u>	<u>0</u>	<u>1,095,127</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Employee Fringe Benefits	531,707			531,707
Supplies	15,699			15,699
Purchased and Contracted Services	115,948		56,514	172,462
Library Materials and Information	120,530			120,530
Other Objects	3,612			3,612
Capital Outlay	20,475	72,118	40,000	132,593
	<u>807,971</u>	<u>72,118</u>	<u>96,514</u>	<u>976,603</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>213,724</u>	<u>1,314</u>	<u>(96,514)</u>	<u>118,524</u>
Other Financing Receipts and (Disbursements):				
Operating Transfers-In			200,000	200,000
Operating Transfers-Out	(200,000)			(200,000)
	<u>(200,000)</u>	<u>0</u>	<u>200,000</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	13,724	1,314	103,486	118,524
Fund Cash Balances, January 1	<u>118,162</u>	<u>0</u>	<u>1,020,374</u>	<u>1,138,536</u>
Fund Cash Balances, December 31	<u><u>\$131,886</u></u>	<u><u>\$1,314</u></u>	<u><u>\$1,123,860</u></u>	<u><u>\$1,257,060</u></u>

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

**MEIGS COUNTY DISTRICT PUBLIC LIBRARY
MEIGS 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**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Government Grants in Aid	\$925,565	\$	\$925,565
Patron Fines and Fees	20,232		20,232
Earnings on Investments	60,323		60,323
Contributions, Gifts and Donations	667		667
Other Revenue	2,636		2,636
	<hr/>		<hr/>
Total Cash Receipts	1,009,423	0	1,009,423
	<hr/>		<hr/>
Cash Disbursements:			
Current:			
Employee Fringe Benefits	480,198		480,198
Supplies	17,083		17,083
Purchased Services	97,785	16,993	114,778
Library materials and Information	120,305		120,305
Other Objects	5,070		5,070
Capital Outlay	15,396	8,186	23,582
	<hr/>		<hr/>
Total Cash Disbursements	735,837	25,179	761,016
	<hr/>		<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	273,586	(25,179)	248,407
	<hr/>		<hr/>
Other Financing Receipts and (Disbursements):			
Sale of Surplus Property	150		150
Operating Transfers-In		250,000	250,000
Operating Transfers-Out	(250,000)		(250,000)
	<hr/>		<hr/>
Total Other Financing Receipts/(Disbursements)	(249,850)	250,000	150
	<hr/>		<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	23,736	224,821	248,557
	<hr/>		<hr/>
Fund Cash Balances, January 1	94,426	795,553	889,979
	<hr/>		<hr/>
Fund Cash Balances, December 31	<u>\$118,162</u>	<u>\$1,020,374</u>	<u>\$1,138,536</u>

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

**MEIGS COUNTY DISTRICT PUBLIC LIBRARY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Meigs County District Public Library, Meigs 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 Ohio. The Library is directed by a seven-member Board of Trustees. 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.

Certificates of deposit are valued at cost. STAROhio funds are recorded at share values reported by the fund.

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.

**MEIGS COUNTY DISTRICT PUBLIC LIBRARY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

Gates Foundation Grant Fund – This fund receives grant monies for the expansion of public access to computer and the internet.

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 funds

Building Fund - This fund receives monies for the Renovation of the Library Structure

E. Budgetary Process

The Ohio Administrative Code requires budgeting for each fund annually.

1. Appropriations

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, function, and object level of control.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

Effective January 1, 2001, the Ohio Administrative Code amended Library budgetary requirements. Libraries are not required to estimate resources or encumber appropriations.

A summary of December 31, 2001 and December 31, 2000 budgetary activity appears in Note 3.

**MEIGS COUNTY DISTRICT PUBLIC LIBRARY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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:

	2001	2000
Demand deposits	\$46,972	\$52,812
Petty Cash	64	64
Certificates of deposit	273,121	322,220
Total deposits	320,157	375,096
STAROhio	936,903	763,440
Total investments	936,903	763,440
Total deposits and investments	\$1,257,060	\$1,138,536

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,021,111	\$1,021,695	\$584
Special Revenue	0	73,432	73,432
Capital Projects	0	200,000	200,000
Total	\$1,021,111	\$1,295,127	\$274,016

**MEIGS COUNTY DISTRICT PUBLIC LIBRARY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,021,111	\$1,007,971	\$13,140
Special Revenue	73,432	72,118	1,314
Capital Projects	1,020,374	96,514	923,860
Total	\$2,114,917	\$1,176,603	\$938,314

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$929,752	\$1,009,573	\$79,821
Capital Projects	0	250,000	250,000
Total	\$929,752	\$1,259,573	\$329,821

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$929,752	\$985,837	(\$56,085)
Capital Projects	795,553	25,179	770,374
Total	\$1,725,305	\$1,011,016	\$714,289

Budgetary expenditures exceeded appropriation authority in the General fund by \$56,085 for the year ended December 31, 2000.

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 of 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 payment, 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.

**MEIGS COUNTY DISTRICT PUBLIC LIBRARY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)

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 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 prescribed by the Ohio Revised Code. For 2001 and 2000, 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 for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Library has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

Commercial Insurance

The Meigs County District Public Library has obtained commercial insurance for the following risks:

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

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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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
www.auditor.state.oh.us

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

Meigs County District Public Library
Meigs County
216 West Main Street
Pomeroy, Ohio 45769

To the Board of Trustees:

We have audited the accompanying financial statements of the Meigs County Public Library, Meigs County, Ohio (the Library), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 31, 2002. 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 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 judgment, could adversely affect the Village'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 2001-00753-001.

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 over financial reporting that might be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also 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 May 31, 2002.

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

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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

May 31, 2002

**MEIGS COUNTY DISTRICT PUBLIC LIBRARY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2001-00753-001

Reportable Condition

The Library had expenditures that exceeded appropriations in the General Fund by \$56,085 for the year ended December 31, 2000. This could allow deficit spending to occur. Management should be aware that, effective January 1, 2001, Chapter 117-8-02, Ohio Administrative Code, restricts disbursements to amounts appropriated at the legal level of control. The legal level of control is the level the Board establishes in its appropriation measure.

Management should monitor disbursements and appropriations. The Treasurer should deny payment requests exceeding appropriations. The Treasurer may request the Board to approve increased expenditure levels by amending appropriations, if receipt estimates permit.



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

MEIGS COUNTY DISTRICT PUBLIC LIBRARY

MEIGS 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 23, 2002**