



**Auditor of State
Betty Montgomery**

OAK HILL PUBLIC LIBRARY
JACKSON COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2001.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9
Schedule of Prior Audit Finding	11

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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, 2002 and 2001. 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 and reserves for encumbrances of Oak Hill Library, Jackson County, as of December 31, 2002 and 2001, 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 June 23, 2003, 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.

Oak Hill Public Library
Jackson County
Independent Accountants' Report
Page 2

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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 23, 2003

**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, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
State Income Taxes	\$262,720	\$	\$262,720
Patron Fines and Fees	3,907		3,907
Earnings on Investments	39,118		39,118
Contributions, Gifts and Donations	40		40
Miscellaneous Receipts	4,457		4,457
Total Cash Receipts	<u>310,242</u>	<u>0</u>	<u>310,242</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	89,669		89,669
Purchased and Contracted Services	119,630		119,630
Other Objects	2,197		2,197
Library Materials	28,612		28,612
Supplies	2,797		2,797
Capital Outlay	5,191	51,612	56,803
Total Cash Disbursements	<u>248,096</u>	<u>51,612</u>	<u>299,708</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>62,146</u>	<u>(51,612)</u>	<u>10,534</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		200,000	200,000
Transfers-Out	(200,000)		(200,000)
Total Other Financing Receipts/(Disbursements)	<u>(200,000)</u>	<u>200,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(137,854)</u>	<u>148,388</u>	<u>10,534</u>
Fund Cash Balances, January 1	<u>673,995</u>	<u>803,155</u>	<u>1,477,150</u>
Fund Cash Balances, December 31	<u><u>\$536,141</u></u>	<u><u>\$951,543</u></u>	<u><u>\$1,487,684</u></u>
Reserves for Encumbrances, December 31	<u><u>\$376</u></u>	<u><u>\$0</u></u>	<u><u>\$376</u></u>

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, 2001**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
State Income Taxes	\$284,902	\$	\$284,902
Patron Fines and Fees	3,875		3,875
Earnings on Investments	62,527		62,527
Contributions, Gifts and Donations	8,768		8,768
Miscellaneous Receipts	824		824
Total Cash Receipts	<u>360,896</u>	<u>0</u>	<u>360,896</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	86,750		86,750
Purchased and Contracted Services	33,916	7,462	41,378
Other Objects	990		990
Library Materials	30,345		30,345
Supplies	3,470		3,470
Capital Outlay	8,272	212,215	220,487
Total Cash Disbursements	<u>163,743</u>	<u>219,677</u>	<u>383,420</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>197,153</u>	<u>(219,677)</u>	<u>(22,524)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		200,000	200,000
Transfers-Out	(200,000)		(200,000)
Total Other Financing Receipts/(Disbursements)	<u>(200,000)</u>	<u>200,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(2,847)</u>	<u>(19,677)</u>	<u>(22,524)</u>
Fund Cash Balances, January 1	<u>676,842</u>	<u>822,832</u>	<u>1,499,674</u>
Fund Cash Balances, December 31	<u>\$673,995</u>	<u>\$803,155</u>	<u>\$1,477,150</u>
Reserves for Encumbrances, December 31	<u>\$809</u>	<u>\$0</u>	<u>\$809</u>

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, 2002 AND 2001**

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 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

Certificates of deposit are valued at cost.

D. Fund Accounting

The Library uses fund accounting to segregate cash that is 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 Projects Fund

This fund is used for the purpose of improvements to the existing facility and for construction of the new library facility.

E. Budgetary Process

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

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**OAK HILL PUBLIC LIBRARY
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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.

2. EQUITY IN POOLED CASH

The Library maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and certificates of deposit at December 31 follows:

	2002	2001
Demand deposits	\$713,298	\$406,766
Certificates of deposit	774,386	1,070,384
Total deposits	\$1,487,684	\$1,477,150

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001, follows:

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$642,700	\$448,472	\$194,228
Capital Projects	1,000,000	51,612	948,388
Total	\$1,642,700	\$500,084	\$1,142,616

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$418,000	\$364,552	\$53,448
Capital Projects	781,000	219,677	561,323
Total	\$1,199,000	\$584,229	\$614,771

**OAK HILL PUBLIC LIBRARY
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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 based on any additional revenues the Library receives.

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 2002 and 2001, 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, 2002.

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Inland marine for computer equipment and valuable papers and records.

7. CONTINGENT LIABILITIES

Amounts received from The Bill & Melinda Gates Foundation 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.

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. 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.

The Library pays an annual fee to the Ohio Valley Area Libraries. The Library paid membership dues in the amount of \$100 during OVAL's fiscal year July 1, 2001 to June 30, 2002. The Library paid membership dues in the amount of \$188 for OVAL's fiscal year July 1, 2002 to June 30, 2003. The Library paid \$27,982 to OVAL during the period January 1, 2001 through December 31, 2002 for network management, software maintenance, workshop fees and the books by mail program.

OAK HILL PUBLIC LIBRARY
JACKSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)

9. CONTRACTUAL COMMITMENTS

As of December 31, 2002, the Library had the following contractual commitments:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at December 31, 2002</u>
Triad Architects	\$ 84,000	\$ 75,320	\$ 8,680
Trimat Construction	<u>1,015,614</u>	<u>51,612</u>	<u>964,002</u>
Total	<u>\$ 1,099,614</u>	<u>\$126,932</u>	<u>\$ 972,682</u>



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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, 2002 and 2001, and have issued our report thereon dated June 23, 2003. 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*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated June 23, 2003.

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.

Oak Hill Public Library
Jackson County
Independent Accountants' Report 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 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 23, 2003

OAK HILL PUBLIC LIBRARY
JACKSON COUNTY

SCHEDULE OF PRIOR AUDIT FINDING
DECEMBER 31, 2002 AND 2001

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2000-00740-001	Numerous instances of purchase commitments not certified as to the availability of funds.	Yes	N/A.



**Auditor of State
Betty Montgomery**

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800-282-0370
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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
AUGUST 26, 2003**