



Dave Yost • Auditor of State



**SYLVESTER MEMORIAL WELLSTON PUBLIC LIBRARY  
JACKSON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Sylvester Memorial Wellston Public Library  
Jackson County  
135 East Second Street  
Wellston, Ohio 45692

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Sylvester Memorial Wellston Public Library, Jackson County, Ohio (the Library), as of and for the years ended December 31, 2013 and 2012.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

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The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Sylvester Memorial Wellston Public Library, Jackson County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, during 2012, the Library adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2014, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 3, 2014

**SYLVESTER MEMORIAL WELLSTON PUBLIC LIBRARY  
JACKSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Public Library	\$342,568		\$342,568
Patron Fines and Fees	10,966		10,966
Contributions, Gifts and Donations	2,905		2,905
Earnings on Investments	9,572	\$7	9,579
Miscellaneous	8,549		8,549
	<u>374,560</u>	<u>7</u>	<u>374,567</u>
<b>Cash Disbursements</b>			
Current:			
Library Services:	397,131		397,131
Capital Outlay		5,242	5,242
	<u>397,131</u>	<u>5,242</u>	<u>402,373</u>
<i>Total Cash Disbursements</i>	<u>397,131</u>	<u>5,242</u>	<u>402,373</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(22,571)</u>	<u>(5,235)</u>	<u>(27,806)</u>
<i>Net Change in Fund Cash Balances</i>	(22,571)	(5,235)	(27,806)
<i>Fund Cash Balances, January 1</i>	<u>161,683</u>	<u>1,385,253</u>	<u>1,546,936</u>
<b>Fund Cash Balances, December 31</b>			
Assigned	100,979	1,380,018	1,480,997
Unassigned (Deficit)	38,133	0	38,133
	<u>\$139,112</u>	<u>\$1,380,018</u>	<u>\$1,519,130</u>
<i>Fund Cash Balances, December 31</i>	<u>\$139,112</u>	<u>\$1,380,018</u>	<u>\$1,519,130</u>

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

**SYLVESTER MEMORIAL WELLSTON PUBLIC LIBRARY  
JACKSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Public Library	\$334,720		\$334,720
Intergovernmental	22,253		22,253
Patron Fines and Fees	11,943		11,943
Contributions, Gifts and Donations	21,428	\$25	21,453
Earnings on Investments	13,821	23	13,844
Miscellaneous	5,660		5,660
<i>Total Cash Receipts</i>	<u>409,825</u>	<u>48</u>	<u>409,873</u>
<b>Cash Disbursements</b>			
Current:			
Library Services:	432,202		432,202
Capital Outlay		5,692	5,692
<i>Total Cash Disbursements</i>	<u>432,202</u>	<u>5,692</u>	<u>437,894</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(22,377)</u>	<u>(5,644)</u>	<u>(28,021)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	47,883		47,883
Transfers Out		(47,883)	(47,883)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>47,883</u>	<u>(47,883)</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	25,506	(53,527)	(28,021)
<i>Fund Cash Balances, January 1</i>	<u>136,177</u>	<u>1,438,780</u>	<u>1,574,957</u>
<b>Fund Cash Balances, December 31</b>			
Assigned	110,814	1,385,253	1,496,067
Unassigned (Deficit)	50,869	0	50,869
<i>Fund Cash Balances, December 31</i>	<u>\$161,683</u>	<u>\$1,385,253</u>	<u>\$1,546,936</u>

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



**SYLVESTER MEMORIAL WELLSTON PUBLIC LIBRARY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Sylvester Memorial Wellston Public Library, Jackson County (the Library), as a body corporate and politic. The Board of the Wellston City School District appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources. The Library is involved with the Southeast Regional Library System (SERLS) and the Ohio Valley Library Consortium which are both defined as jointly governed organizations. Additional information concerning SERLS and the Ohio Valley Library Consortium are presented in Note 7.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library values certificates of deposit 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 accounts for and reports all financial resources not accounted for and reported in another fund.

**SYLVESTER MEMORIAL WELLSTON PUBLIC LIBRARY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Capital Project Funds**

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant Capital Project Fund:

Permanent Improvement Fund – This fund is used for constructing, maintaining, and repairing Library buildings and property.

**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, function, and object level of control.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**SYLVESTER MEMORIAL WELLSTON PUBLIC LIBRARY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance (Continued)**

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant, and Equipment**

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. Equity in Pooled Deposits and Investments**

The Library maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2013	2012
Demand deposits	\$82,210	\$110,016
Certificates of deposit	1,436,920	1,436,920
Total deposits	1,519,130	1,546,936
Total deposits and investments	\$1,519,130	\$1,546,936

**SYLVESTER MEMORIAL WELLSTON PUBLIC LIBRARY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**2. Equity in Pooled Deposits and Investments (Continued)**

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Library.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$345,000	\$374,560	\$29,560
Capital Projects	0	7	7
Total	\$345,000	\$374,567	\$29,567

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$455,814	\$398,110	\$57,704
Capital Projects	1,385,253	5,242	1,380,011
Total	\$1,841,067	\$403,352	\$1,437,715

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$395,397	\$457,708	\$62,311
Capital Projects	0	48	48
Total	\$395,397	\$457,756	\$62,359

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$482,736	\$435,016	\$47,720
Capital Projects	1,438,780	53,576	1,385,204
Total	\$1,921,516	\$488,592	\$1,432,924

**4. Grants-in-aid and Tax Receipts**

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. The County Budget Commission bases the amount for distribution on the needs of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

**SYLVESTER MEMORIAL WELLSTON PUBLIC LIBRARY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**5. Retirement Systems**

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, the Library contributes 10% and 10%, respectively, of employees' gross salaries required contribution as a fringe benefit to employees and the Library contributed an amount equaling 14% and 14%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2013.

**6. Risk Management**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

**7. Jointly Governed Organization**

The Southeast Regional Library System (SERLS) is a cooperative regional library system created and governed accordingly to the provisions of Section 3375.70 through 3375.73, Ohio Revised Code. SERLS is comprised of autonomous public libraries in the Ohio counties of Athens, Belmont, Delaware, Fairfield, Franklin, Gallia, Guernsey, Hocking, Jackson, Jefferson, Lawrence, Licking, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Pickaway, Pike, Ross, Scioto, Vinton, and Washington as well as school libraries, academic libraries and special libraries. SERLS' Board of Trustees consists of fifteen members: twelve public library representatives, one academic representative, one school representative, and one special representative. The Sylvester Memorial Wellston Public Library's control over budgeting and financing of SERLS is limited to its voting authority and its representation on the SERLS' Board of Trustees.

Ohio Valley Library Consortium is a cooperative agreement between the Sylvester Memorial Wellston Public Library, Jackson City Library, Herbert Wescoat Memorial Library, Portsmouth Public Library, Meigs County District Library, Oak Hill Public Library, and Briggs Lawrence County Public Library. The Board of Trustees is comprised of one member from each library, normally the library director or his/her assignee. Each library pays a share of subscription and support fees for the databases to The Library Corporation and each library maintains their own individually. The purpose of OVLC is for resource sharing with participating members.

**8. Related Party Transactions**

The Library pays an annual fee to the Southeast Regional Library System (SERLS), a jointly governed organization of which the Library is a member. SERLS provides training programs. In 2013, the Library paid \$270 to SERLS for annual dues and fees and \$794 for dental insurance provided through SERLS. The Library paid \$320 to SERLS for annual dues and fees and \$1,650 for dental insurance provided through SERLS in 2012.

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Sylvester Memorial Wellston Public Library  
Jackson County  
135 East Second Street  
Wellston, Ohio 45692

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Sylvester Memorial Wellston Public Library, Jackson County, Ohio (the Library), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated June 3, 2014 wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also noted the Library has adopted Governmental Accounting Standards Board Statement No. 54.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Government's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Government's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 3, 2014





# Dave Yost • Auditor of State

**SYLVESTER MEMORIAL WELLSTON 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 17, 2014**