



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SOLO REGIONAL LIBRARY SYSTEM
NOBLE COUNTY**

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**STATE OF OHIO
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REPORT OF INDEPENDENT ACCOUNTANTS

SOLO Regional Library System
Noble County
40774 State Route 821
Caldwell, Ohio 43724

To the Board of Trustees:

We have audited the accompanying financial statements of the SOLO (Southeastern Ohio Library Organization) Regional Library System, Noble County, Ohio (the Regional Library System), as of and for the years ended June 30, 2002 and 2001. These financial statements are the responsibility of the Regional Library System'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 Regional Library System 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 SOLO Regional Library System, Noble County, as of June 30, 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 October 28, 2002 on our consideration of the Regional Library System'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, the 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", written in a cursive style.

Jim Petro
Auditor of State

October 28, 2002

**SOLO REGIONAL LIBRARY SYSTEM
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Federal Grants-In-Aid	\$	\$69,910	\$69,910
State Grants-In-Aid		139,515	139,515
Local Grants		30,900	30,900
Membership Fees	24,075		24,075
Technology Fees	20,277		20,277
Earnings on Investments	1,617		1,617
Continuing Education	4,461		4,461
Miscellaneous Receipts	35	101	136
	<u>50,465</u>	<u>240,426</u>	<u>290,891</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries and Benefits	52,902	100,905	153,807
Supplies	9,016	1,081	10,097
Purchased and Contracted Services	32,927	19,042	51,969
Library Supplies and Information	1,255	17,600	18,855
Other Objects	390		390
Debt Service:			
Capital Lease Payments	4,829	26,560	31,389
Capital Outlay	2,342	41,139	43,481
	<u>103,661</u>	<u>206,327</u>	<u>309,988</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(53,196)</u>	<u>34,099</u>	<u>(19,097)</u>
Fund Cash Balances, January 1	<u>76,997</u>	<u>91</u>	<u>77,088</u>
Fund Cash Balances, December 31	<u><u>\$23,801</u></u>	<u><u>\$34,190</u></u>	<u><u>\$57,991</u></u>

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

**SOLO REGIONAL LIBRARY SYSTEM
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
State Grant-In-Aid	\$	\$157,651	\$157,651
State Grants-LSTA	52,789		52,789
Membership Fees	88,275		88,275
Earnings on Investments	2,204		2,204
Services Provided to Other Entities	60,703		60,703
Miscellaneous Receipts	13		13
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	203,984	157,651	361,635
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Salaries and Benefits	35,232	107,040	142,272
Supplies	8,330	1,100	9,430
Purchased and Contracted Services	22,482	17,589	40,071
Transport Expenses to Member Libraries	77,816		77,816
Library Supplies and Information	5,901	8,173	14,074
Other Objects	4,635	50	4,685
Debt Service:			
Capital Lease Payments	6,679	22,295	28,974
Capital Outlay	73,952	1,404	75,356
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	235,027	157,651	392,678
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(31,043)	0	(31,043)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	108,040	91	108,131
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$76,997	\$91	\$77,088
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**SOLO REGIONAL LIBRARY SYSTEM
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The SOLO Regional Library System, Noble County (the Regional Library System), is a regional library system created and jointly governed according to the provisions of Ohio Revised Code Section 3375.90 through Section 3375.93. The Regional Library System is composed of fourteen legally-separate libraries within Southeast Ohio: Barnesville Hutton Memorial Library, Bellaire Public Library, Caldwell Public Library, Guernsey County District Library, Kate Love Simpson Library, Martins Ferry Public Library, Monroe County District Library, Muskingum County Public Library System, Newark Public Library, Perry County District Library, Public Library of Steubenville and Jefferson County, Puskarich Public Library, St. Clairsville Public Library, and Washington County Public Library. The Regional Library System is governed by a fourteen member Board of Trustees selected by the Librarians Council which consists of the library administrators or a representative from each member library. The Regional Library System provides annual training workshops for member library employees, technical training and assistance, a central graphics center, and coordinates the delivery of intra-library books loans.

The Regional Library System's management believes the financial statement presents all activities for which the Regional Library System 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments were limited to STAROhio and an interest bearing checking account.

D. Fund Accounting

The Regional Library System uses fund accounting to segregate cash and investments that are restricted as to use. The Regional Library System 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 trusts or for capital projects) that are restricted to expenditure for specific purposes. The Regional Library System had the following significant Special Revenue Funds:

**SOLO REGIONAL LIBRARY SYSTEM
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

State Library Fund – This fund receives money from the State Library of Ohio for operating expenses of the Regional Library System. By agreement with the State Library of Ohio these monies are to be accounted in a separate fund.

Innovation Technology (LSTA) Grant Fund – This fund receives Federal grant money from the State Library of Ohio for the Innovative Technology Project. By agreement with the State Library of Ohio these monies are to be accounted in a separate fund.

E. 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.

F. 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 a liability under the cash basis of accounting used by the Regional Library System.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Regional Library System 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 June 30 follows:

	2002	2001
Demand deposits	53,614	77,088
STAROhio	4,377	
Total deposits and investments	\$57,991	\$77,088

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, and/or (2) collateralized by securities specifically pledged by the financial institution to the Regional Library System.

3. STATE AID

The primary source of revenue for the Regional Library System is state-aid from the State Library of Ohio. At the beginning of the fiscal year, the State Library outlines in their agreement with the Regional Library System the four quarterly amounts of state-aid that will be remitted by the State Library of Ohio to the Regional Library System. In the event that state funds become unavailable to the State Library of Ohio, the State Library of Ohio shall modify or cease the terms of the agreement based upon the financial restrictions imposed by the State of Ohio.

**SOLO REGIONAL LIBRARY SYSTEM
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001**

4. LEASE PURCHASE AGREEMENTS

The Regional Library System has entered into a lease-purchase agreement with Caldwell Mobile Home Sales for the construction and lease of an office facility. The Regional Library System agreed to lease the facility for \$174,871. The Regional Library System paid the landlord \$10,000 upon execution of the agreement dated November 30, 1999, and they paid \$20,000, considered to be advance rent, upon the issuance of the occupancy permit. The rent is to be paid in equal monthly installments of \$2,414 for a term of five years beginning on May 10, 2000 and ending May 10, 2005, for a total of \$174,871. The premises will become the property of the regional Library System in fee simple upon the expiration or the early termination of the lease.

Lease Purchase agreement outstanding at June 30, 2002 was as follows:

Provider	Purpose	Amount
Caldwell Moble Home Sales	Building/Office Space	\$80,458

Amortization of the above debt, including interest, is scheduled as follows:

	Lease/Purchase
Year ending December 31:	
2002	\$28,974
2003	28,974
2004	28,974
2005	22,510
Total	\$109,432

5. RETIREMENT SYSTEM

The Regional Library System's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This 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 2001 and 2000, PERS members contributed 8.5% of their wages. The Regional Library System contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2002 through June 30, 2002. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Regional Library System has paid all contributions required through June 30, 2002.

**SOLO REGIONAL LIBRARY SYSTEM
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001**

6. RISK MANAGEMENT

Commercial Insurance

The Regional Library System has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Employee's Dishonesty Bond



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

SOLO Regional Library System
Noble County
40774 State Route 821
Caldwell, Ohio 43724

To the Board of Trustees:

We have audited the accompanying financial statements of the SOLO (Southeastern Ohio Library Organization) Regional Library System, Noble County, Ohio (the Regional Library System), as of and for the years ended June 30, 2002 and 2001, and have issued our report thereon dated October 28, 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 Regional Library System'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 Regional Library System'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. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Regional Library System in a separate letter dated October 28, 2002.

SOLO Regional Library System
Noble 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

October 28, 2002

**SOLO REGIONAL LIBRARY SYSTEM
NOBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEARS END JUNE 30, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-01061-001	Ohio Rev. Code Section 135.18 and 135.181	Yes	Finding No Longer Valid



STATE OF OHIO
OFFICE OF THE AUDITOR

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SOLO REGIONAL LIBRARY SYSTEM

NOBLE 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
DECEMBER 23, 2002**