



**KATE LOVE SIMPSON MORGAN COUNTY LIBRARY
MORGAN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**KATE LOVE SIMPSON MORGAN COUNTY LIBRARY
TABLE OF CONTENTS**

TITLE	PAGE
Report of Independent Accountants	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1998	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

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
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Kate Love Simpson Morgan County Library
Morgan County
358 East Main Street
McConnelsville, Ohio 43756

To the Board of Trustees:

We have audited the accompanying financial statements of the Kate Love Simpson Morgan County Library, Morgan County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998. 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 fund cash balances and reserves for encumbrances of the Kate Love Simpson Morgan County Library, Morgan County, as of December 31, 1999 and 1998, 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 July 10, 2000 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.

This report is intended solely for the information and use of the 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".

Jim Petro
Auditor of State

July 10, 2000

**KATE LOVE SIMPSON MORGAN COUNTY LIBRARY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:				
Government Grants In Aid	\$407,299	\$113,370	\$	\$520,669
Patron Fines and Fees	12,269			12,269
Earnings on Investments	7,381			7,381
Contributions, Gifts and Donations	4,776			4,776
Miscellaneous	9,603			9,603
Total Cash Receipts	<u>441,328</u>	<u>113,370</u>	<u>0</u>	<u>554,698</u>
Cash Disbursements:				
Employess Salaries and Fringe Benefits	176,334			176,334
Supplies	8,128			8,128
Purchased and Contracted Services	63,425			63,425
Library Materials and Information	88,877			88,877
Other	2,172			2,172
Debt Service		188,531		188,531
Capital Outlay	6,780		100,000	106,780
Total Cash Disbursements	<u>345,716</u>	<u>188,531</u>	<u>100,000</u>	<u>634,247</u>
Total Receipts Over/(Under) Disbursements	<u>95,612</u>	<u>(75,161)</u>	<u>(100,000)</u>	<u>(79,549)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		54,956		54,956
Advances-In	14,325	14,325		28,650
Transfers-Out	(54,956)			(54,956)
Advances-Out	(14,325)	(14,325)		(28,650)
Total Other Financing Receipts/(Disbursements)	<u>(54,956)</u>	<u>54,956</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>40,656</u>	<u>(20,205)</u>	<u>(100,000)</u>	<u>(79,549)</u>
Fund Cash Balances, January 1	<u>89,498</u>	<u>25,288</u>	<u>100,000</u>	<u>214,786</u>
Fund Cash Balances, December 31	<u>\$130,154</u>	<u>\$5,083</u>	<u>\$0</u>	<u>\$135,237</u>
Reserves for Encumbrances, December 31	<u>\$5,477</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,477</u>

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

**KATE LOVE SIMPSON MORGAN COUNTY LIBRARY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:				
Government Grants In Aid	\$379,422	\$91,560	\$	\$470,982
Patron Fines and Fees	12,719			12,719
Earnings on Investments	7,585	152		7,737
Contributions, Gifts and Donations	3,785			3,785
Miscellaneous	7,383			7,383
	<u>410,894</u>	<u>91,712</u>	<u>0</u>	<u>502,606</u>
Cash Disbursements:				
Employess Salaries and Fringe Benefits	156,026			156,026
Supplies	5,742			5,742
Purchased and Contracted Services	66,451			66,451
Library Materials and Information	73,488			73,488
Other	1,481			1,481
Debt Service		384,177		384,177
Capital Outlay	4,657			4,657
	<u>307,845</u>	<u>384,177</u>	<u>0</u>	<u>692,022</u>
Total Receipts Over/(Under) Disbursements	<u>103,049</u>	<u>(292,465)</u>	<u>0</u>	<u>(189,416)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		310,000	100,000	410,000
Transfers-Out	(410,000)			(410,000)
	<u>(410,000)</u>	<u>310,000</u>	<u>100,000</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)	<u>(410,000)</u>	<u>310,000</u>	<u>100,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(306,951)	17,535	100,000	(189,416)
Fund Cash Balances, January 1	396,449	7,753		404,202
Fund Cash Balances, December 31	<u>\$89,498</u>	<u>\$25,288</u>	<u>\$100,000</u>	<u>\$214,786</u>
Reserves for Encumbrances, December 31	<u>\$6,618</u>	<u>\$0</u>	<u>\$0</u>	<u>\$6,618</u>

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

**KATE LOVE SIMPSON MORGAN COUNTY LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Kate Love Simpson Morgan County Library, Morgan 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, four of which are appointed by the Morgan County Board of Commissioners and three of which are appointed by the Morgan County Probate/Juvenile Court Judge. 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

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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. Debt Service Fund

The Note Retirement Fund is used to accumulate resources for the payment of note indebtedness incurred for library facilities construction.

3. Capital Project Fund

This fund is 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 established this fund to account for the financial resources and related payments for the Village of Chesterhill Branch Library Lease.

**KATE LOVE SIMPSON MORGAN COUNTY LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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, function, or object 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 1999 and 1998 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.

G. 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 liabilities under the cash basis of accounting used by the Library.

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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$32,110	\$214,786
STAR Ohio	<u>103,127</u>	<u>0</u>
Total deposits and investments	<u><u>\$135,237</u></u>	<u><u>\$214,786</u></u>

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

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

**KATE LOVE SIMPSON MORGAN COUNTY LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$436,943	\$441,328	\$4,385
Debt Service	168,326	168,326	0
Capital Projects	0	0	0
Total	<u>\$605,269</u>	<u>\$609,654</u>	<u>\$4,385</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$513,956	\$406,149	\$107,807
Debt Service	193,614	188,531	5,083
Capital Projects	100,000	100,000	0
Total	<u>\$807,570</u>	<u>\$694,680</u>	<u>\$112,890</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$409,493	\$410,894	\$1,401
Debt Service	402,174	401,712	(462)
Capital Projects	100,000	100,000	0
Total	<u>\$911,667</u>	<u>\$912,606</u>	<u>\$939</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$784,382	\$724,463	\$59,919
Debt Service	402,174	384,177	17,997
Capital Projects	0	0	0
Total	<u>\$1,186,556</u>	<u>\$1,108,640</u>	<u>\$77,916</u>

**KATE LOVE SIMPSON MORGAN COUNTY LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

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 on account of any additional revenues realized by the Library.

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.

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. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Library Facilities Notes	\$57,000	7.10%

On November 27, 1996, the Library issued \$640,000 in bank notes for the purpose of construction of a new library. The notes were issued in \$500 increments at 7.10 percent for 10 years with maturities beginning in December of 1997 and each December thereafter. During 1998 and 1999 the Library retired \$310,000 and \$124,000, respectively, in addition to the regularly scheduled payments. The notes are being retired from the Debt Service Fund and are considered special obligations of the Library.

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

Year ending December 31:	General Obligation Notes
2000	65,307

KATE LOVE SIMPSON MORGAN COUNTY LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

6. 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 also prescribed by the Ohio Revised Code. 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, 1999.

7. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

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

The Library provides health insurance and life insurance to full-time employees through the Morgan County Commissioners. The Library also provides dental and vision coverage to full-time employees through a private carrier.

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
www.auditor.state.oh.us

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

Kate Love Simpson Morgan County Library
Morgan County
358 East Main Street
McConnelsville, Ohio 43756

To the Board of Trustees:

We have audited the accompanying financial statements of the Kate Love Simpson Morgan County Library, Morgan County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated July 10, 2000. 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated July 10, 2000.

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. 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 July 10, 2000.

This report is intended for the information and use of the 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 fluid and cursive, with the first name "Jim" and last name "Petro" clearly distinguishable.

Jim Petro
Auditor of State

July 10, 2000



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

KATE LOVE SIMPSON MORGAN COUNTY LIBRARY

MORGAN 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 29, 2000