



**SYLVESTER MEMORIAL PUBLIC LIBRARY
JACKSON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 1999	3
Combined 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>	9

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of Sylvester Memorial Public Library, Jackson 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 combined fund cash balances and reserves for encumbrances of the Sylvester Memorial Public Library, Jackson County, as of December 31, 1999 and December 31, 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 March 2, 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 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.

Jim Petro
Auditor of State

March 2, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Capital Projects	
Cash Receipts:			
Governmental Grants-In-Aid	\$434,960		434,960
Patron Fines and Fees	8,085		8,085
Earnings on Investments	15,747	228	15,975
Services Provided to Other Entities	9,600		9,600
Contributions, Gifts and Donations	415		415
Miscellaneous Receipts	2,603		2,603
 Total Cash Receipts	 471,410	 228	 471,638
Cash Disbursements:			
Current:			
Salaries and Benefits	231,369		231,369
Supplies	18,557		18,557
Purchased and Contracted Services	55,060		55,060
Library Materials and Information	41,491		41,491
Other Objects	1,046		1,046
Capital Outlay	20,029	145,044	165,073
 Total Cash Disbursements	 367,552	 145,044	 512,596
 Total Cash Receipts Over/(Under) Cash Disbursements	 103,858	 (144,816)	 (40,958)
Other Financing Receipts/(Disbursements):			
Transfers-In		219,616	219,616
Transfers-Out	(219,616)		(219,616)
 Total Other Financing Receipts/(Disbursements)	 (219,616)	 219,616	 0
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (115,758)	 74,800	 (40,958)
 Fund Cash Balances, January 1	 236,622	 111,007	 347,629
 Fund Cash Balances, December 31	 \$120,864	 \$185,807	 \$306,671
 Reserves for Encumbrances, December 31	 \$9,785		 \$9,785

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Capital Projects	
Cash Receipts:			
Governmental Grants-In-Aid	\$394,906		394,906
Patron Fines and Fees	9,688		9,688
Earnings on Investments	16,101		16,101
Contributions, Gifts and Donations	1,980		1,980
Miscellaneous Receipts	4,467		4,467
	427,142	0	427,142
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries and Benefits	213,803		213,803
Supplies	13,816		13,816
Purchased and Contracted Services	33,248		33,248
Library Materials and Information	53,532		53,532
Other Objects	946		946
Capital Outlay	7,164	34,827	41,991
	322,509	34,827	357,336
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	104,633	(34,827)	69,806
Fund Cash Balances, January 1	131,989	145,834	277,823
Fund Cash Balances, December 31	\$236,622	\$111,007	\$347,629
Reserves for Encumbrances, December 31	\$11,674	\$5,537	\$17,211

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Sylvester Memorial 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 the State of Ohio. The Library is directed by an appointed seven-member Board of Trustees. The members are appointed by the Wellston City School District Board of Education. The Library provides the community with various educational and literary resources. The Library is associated with the Ohio Valley Area Libraries which is defined as a jointly governed organization. This organization is presented in Note 7.

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.

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. Capital Projects Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following significant Capital Projects Fund:

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1999 AND 1998
(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	\$69,735	\$61,065
Petty cash	185	185
Total deposits	69,920	61,250
Certificates of deposit	183,350	172,724
STAR Ohio	53,401	113,655
Total investments	236,751	286,379
Total deposits and investments	\$306,671	\$347,629

**NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1999 AND 1998
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 1999, follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$464,195	\$471,410	\$7,215
Capital Projects	0	219,844	219,844
Total	\$464,195	\$691,254	\$227,059

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$774,155	\$596,953	\$177,202
Capital Projects	252,162	145,044	107,118
Total	\$1,026,317	\$741,997	\$284,320

Budgetary activity for the year ending December 31, 1998, follows:

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$401,861	\$427,141	\$25,280
Capital Projects	0	0	0
Total	\$401,861	\$427,141	\$25,280

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$491,728	\$334,183	\$157,545
Capital Projects	188,016	40,364	147,652
Total	\$679,744	\$374,547	\$305,197

**NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1999 AND 1998
(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 on account of any additional revenues realized by the Library.

5. RETIREMENT SYSTEM

The Library's employees belong to the Public Employees Retirement System of Ohio (PERS). 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 had their share, which is 8.5% of their gross salaries, picked-up by the Library. Also, the Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

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

The Library also provides health insurance and vision coverage to full-time employees through a private carrier.

7. JOINTLY GOVERNED ORGANIZATION

The Ohio Valley Area Libraries (OVAL) is an area library service organization created and governed according to the provisions of Section 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 consist of one Trustee from each of the member libraries. The Sylvester Memorial 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.



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

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

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

To the Board of Trustees:

We have audited the accompanying financial statements of Sylvester Memorial Public Library, Jackson County, Ohio (the Library), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 2, 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 Sylvester Memorial Public 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 a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated March 2, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sylvester Memorial Public 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 March 2, 2000.

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

This report is intended for the information and use of management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 2, 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

SYLVESTER MEMORIAL 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
MARCH 30, 2000**