



**SYLVESTER MEMORIAL PUBLIC LIBRARY
JACKSON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 - 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SYLVESTER MEMORIAL PUBLIC LIBRARY
JACKSON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Sylvester Memorial Public Library, Jackson County, Ohio (the Library), as of and for the years ended December 31, 2001 and 2000. 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 fund cash balances and reserves for encumbrances of the Sylvester Memorial Public Library, Jackson County, as of December 31, 2001 and 2000, and its 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 6, 2002 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.

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.

Jim Petro
Auditor of State

March 6, 2002

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**SYLVESTER MEMORIAL PUBLIC LIBRARY
JACKSON COUNTY**

**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>		<u>Totals (Memorandum Only)</u>
	<u>General Fund</u>	<u>Capital Projects</u>	
Cash Receipts:			
Government Grants-In-Aid	\$479,152	\$18,358	\$497,510
Patron Fines and Fees	8,948		8,948
Earnings on Investments	6,151	75,188	81,339
Contributions, Gifts and Donations	675	2,953	3,628
Miscellaneous Revenue	2,238		2,238
Total Cash Receipts	<u>497,164</u>	<u>96,499</u>	<u>593,663</u>
Cash Disbursements:			
Salaries and Benefits	283,314		283,314
Supplies	16,169		16,169
Purchased and Contracted Services	50,594		50,594
Library Materials and Information	52,401		52,401
Other Objects	1,228		1,228
Capital Outlay	12,601	31,457	44,058
Total Cash Disbursements	<u>416,307</u>	<u>31,457</u>	<u>447,764</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>80,857</u>	<u>65,042</u>	<u>145,899</u>
Other Financing Receipts/(Disbursements):			
Operating Transfers In		75,000	75,000
Operating Transfers Out	(75,000)		(75,000)
Total Other Financing Receipts/(Disbursements)	<u>(75,000)</u>	<u>75,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>5,857</u>	<u>140,042</u>	<u>145,899</u>
Fund Cash Balances, January 1	<u>149,582</u>	<u>1,247,534</u>	<u>1,397,116</u>
Fund Cash Balances, December 31	<u>\$155,439</u>	<u>\$1,387,576</u>	<u>\$1,543,015</u>
Reserves For Encumbrances, December 31	<u>\$5,346</u>		<u>\$5,346</u>

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

**SYLVESTER MEMORIAL PUBLIC LIBRARY
JACKSON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General Fund</u>	<u>Capital Projects</u>	
Cash Receipts:			
Government Grants-In-Aid	\$468,914		\$468,914
Patron Fines and Fees	8,951		8,951
Earnings on Investments	10,620	10,405	21,025
Services Provided to Other Entities	19,200		19,200
Contributions, Gifts and Donations	745	950,000	950,745
Miscellaneous Revenue	3,815		3,815
	<u>512,245</u>	<u>960,405</u>	<u>1,472,650</u>
Cash Disbursements:			
Salaries and Benefits	243,427		243,427
Supplies	17,384		17,384
Purchased and Contracted Services	60,974		60,974
Library Materials and Information	50,267		50,267
Other Objects	1,136		1,136
Capital Outlay	339	8,678	9,017
	<u>373,527</u>	<u>8,678</u>	<u>382,205</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>138,718</u>	<u>951,727</u>	<u>1,090,445</u>
Other Financing Receipts/(Disbursements):			
Operating Transfers In		110,000	110,000
Operating Transfers Out	(110,000)		(110,000)
	<u>(110,000)</u>	<u>110,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	28,718	1,061,727	1,090,445
Fund Cash Balances, January 1	<u>120,864</u>	<u>185,807</u>	<u>306,671</u>
Fund Cash Balances, December 31	<u>\$149,582</u>	<u>\$1,247,534</u>	<u>\$1,397,116</u>
Reserves For Encumbrances, December 31	<u>\$16,773</u>		<u>\$16,773</u>

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

**SYLVESTER MEMORIAL PUBLIC LIBRARY
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

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 Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Wellston City School District Board of Education. The Library provides the community with various educational and literary resources. The Library is involved with the Ohio Valley Area Libraries which is defined as a jointly governed organization. Additional information concerning the jointly governed 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 included in fund cash balances. 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.

Certificates of deposit are valued at cost. Money market mutual funds (including STAROhio) are recorded at share values reported by the mutual fund.

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

This fund is 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:

**SYLVESTER MEMORIAL PUBLIC LIBRARY
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Capital Projects Fund (Continued)

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

E. Budgetary Process

The Ohio Administrative Code requires budgeting for each fund annually.

1. Appropriations

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, or function level of control.

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.

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are not required to estimate resources or encumber appropriations.

A summary of 2001 and 2000 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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investment 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:

**SYLVESTER MEMORIAL PUBLIC LIBRARY
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	2001	2000
Demand deposits	\$73,832	\$1,042,410
Certificates of deposit	1,266,251	195,264
Total deposits	1,340,083	1,237,674
STAROhio	150,622	109,365
No-load mutual funds	52,310	50,077
Total investments	202,932	159,442
Total deposits and investments	\$1,543,015	\$1,397,116

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

Investments: Investments in STAROhio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$506,325	\$497,164	(\$9,161)
Capital Projects	35,158	171,499	136,341
Total	\$541,483	\$668,663	\$127,180

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$622,360	\$496,653	\$125,707
Capital Projects	1,282,692	31,457	1,251,235
Total	\$1,905,052	\$528,110	\$1,376,942

**SYLVESTER MEMORIAL PUBLIC LIBRARY
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$487,766	\$512,245	\$24,479
Capital Projects	1,500	1,070,405	1,068,905
Total	<u>\$489,266</u>	<u>\$1,582,650</u>	<u>\$1,093,384</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$598,845	\$500,300	\$98,545
Capital Projects	187,307	8,678	178,629
Total	<u>\$786,152</u>	<u>\$508,978</u>	<u>\$277,174</u>

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 of 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. 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 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Library's contribution rate returned to 13.55% as of January 1, 2001. The Library has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

The Sylvester Memorial Public Library has obtained commercial insurance for the following risks:

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

**SYLVESTER MEMORIAL PUBLIC LIBRARY
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RISK MANAGEMENT (Continued)

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, Ohio 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 consists 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.

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

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Sylvester Memorial Public Library, Jackson County, Ohio (the Library), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 6, 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 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 6, 2002.

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 March 6, 2002.

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.

Jim Petro
Auditor of State

March 6, 2002



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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
APRIL 2, 2002**