



**Auditor of State
Betty Montgomery**

**GALLIA COUNTY DISTRICT LIBRARY
GALLIA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Types – For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Types – For the Year Ended December 31, 2001.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Prior Audit Findings.....	13

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Gallia County District Library
Gallia County
7 Spruce Street
Gallipolis, Ohio 45631

To the Board of Trustees:

We have audited the accompanying financial statements of the Gallia County District Library, Gallia County, Ohio (the Library), as of and for the years ended December 31, 2002 and 2001. 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 combined fund cash balances and reserved for encumbrances of the Gallia County District Library, Gallia County, as of December 31, 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 June 16, 2003 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 Section 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 16, 2003

**GALLIA COUNTY DISTRICT LIBRARY
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>(Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$124,964	\$	\$	\$124,964
Library and Local Government Support	1,184,460			1,184,460
Intergovernmental	50,640			50,640
Patrons Fines and Fees	50,068			50,068
Contributions, Gifts and Donations	2,403		10,589	12,992
Earnings on Investments	31,361	10,767	138	42,266
Miscellaneous	2,442			2,442
Total Cash Receipts	<u>1,446,338</u>	<u>10,767</u>	<u>10,727</u>	<u>1,467,832</u>
Cash Disbursements:				
Current:				
Salaries	663,964			663,964
Employee Fringe Benefits	199,393			199,393
Purchased and Contracted Services	162,631	1,101		163,732
Library Materials and Information	254,985	3,812	887	259,684
Supplies	62,897			62,897
Other	8,552			8,552
Capital Outlay	30,310	78,800	2,000	111,110
Total Cash Disbursements	<u>1,382,732</u>	<u>83,713</u>	<u>2,887</u>	<u>1,469,332</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>63,606</u>	<u>(72,946)</u>	<u>7,840</u>	<u>(1,500)</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets		1,640		1,640
Total Other Financing Receipts/(Disbursements)		<u>1,640</u>		<u>1,640</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	<u>63,606</u>	<u>(71,306)</u>	<u>7,840</u>	<u>140</u>
Fund Cash Balance, January 1	<u>429,727</u>	<u>690,995</u>	<u>22,366</u>	<u>1,143,088</u>
Fund Cash Balance, December 31	<u>\$493,333</u>	<u>\$619,689</u>	<u>\$30,206</u>	<u>\$1,143,228</u>
Reserve for Encumbrances, December 31	<u>\$47,004</u>	<u>\$1,000</u>	<u>\$675</u>	<u>\$48,679</u>

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

**GALLIA COUNTY DISTRICT LIBRARY
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>(Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$184,490	\$	\$	\$184,490
Library and Local Government Support	1,284,306			1,284,306
Intergovernmental		46,000		46,000
Patrons Fines and Fees	49,134			49,134
Contributions, Gifts and Donations	4,950	18,703	4,923	28,576
Earnings on Investments	32,960	26,469	303	59,732
Miscellaneous	8,324			8,324
Total Cash Receipts	<u>1,564,164</u>	<u>91,172</u>	<u>5,226</u>	<u>1,660,562</u>
Cash Disbursements:				
Current:				
Salaries	603,614			603,614
Employee Fringe Benefits	191,628			191,628
Purchased and Contracted Services	141,326	3,928		145,254
Library Materials and Information	275,244	6,000	3,280	284,524
Supplies	47,166			47,166
Other	6,098			6,098
Capital Outlay	205,371	35,482		240,853
Total Cash Disbursements	<u>1,470,447</u>	<u>45,410</u>	<u>3,280</u>	<u>1,519,137</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>93,717</u>	<u>45,762</u>	<u>1,946</u>	<u>141,425</u>
Fund Cash Balance, January 1	<u>336,010</u>	<u>645,233</u>	<u>20,420</u>	<u>1,001,663</u>
Fund Cash Balance, December 31	<u>\$429,727</u>	<u>\$690,995</u>	<u>\$22,366</u>	<u>\$1,143,088</u>
Reserve for Encumbrances, December 31	<u>\$46,601</u>	<u>\$23,000</u>	<u>\$48</u>	<u>\$69,649</u>

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

**GALLIA COUNTY DISTRICT LIBRARY
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Gallia County District Library, Gallia 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 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

Cash accounts are valued at cost. STAROhio funds are recorded at share values reported by the company. The Library receives rental income from it's investment in a real estate purchase.

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 Capital Projects Funds:

Technology Fund - This fund receives monies for new computer equipment and services.

Bookmobile Fund - This fund receives monies for the purchase of a new bookmobile.

**GALLIA COUNTY DISTRICT LIBRARY
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. Other trust funds are classified as Expendable. The Library had the following Fiduciary Fund:

Endowment Fund – This fund accounts for monies which were donated to the Library. The Trust Fund is classified as an Expendable Trust Fund.

E. Budgetary Process

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, function, and object 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 Library reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as 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 Library's basis of accounting the Library uses.

**GALLIA COUNTY DISTRICT LIBRARY
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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 was as follows:

	2002	2001
Demand deposits	\$ 156,188	\$ 236,894
Petty Cash	160	160
Total deposits	156,348	237,054
Investments - STAR Ohio	986,880	906,034
Total Deposits and Investments	\$ 1,143,228	\$ 1,143,088

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 STAROhio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and December 31, 2001:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,449,695	\$1,446,338	(\$3,357)
Capital Projects	125,000	12,407	(112,593)
Fiduciary	5,000	10,727	5,727
Total	\$1,579,695	\$1,469,472	(\$110,223)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,643,891	\$1,429,736	\$214,155
Capital Projects	114,793	84,713	30,080
Fiduciary	5,000	3,562	1,438
Total	\$1,763,684	\$1,518,011	\$245,673

**GALLIA COUNTY DISTRICT LIBRARY
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,566,872	\$1,564,164	(\$2,708)
Capital Projects	64,703	91,172	26,469
Fiduciary	0	5,226	5,226
Total	\$1,631,575	\$1,660,562	\$28,987

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,656,542	\$1,517,048	\$139,494
Capital Projects	209,980	68,410	141,570
Fiduciary	8,000	3,328	4,672
Total	\$1,874,522	\$1,588,786	\$285,736

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 based on of any additional revenues the Library receives.

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.

**GALLIA COUNTY DISTRICT LIBRARY
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. RETIREMENT SYSTEMS

The Library's officials and 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 2002 and 2001, members of 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 employer contributions required through December 31, 2002.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

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

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**Auditor of State
Betty Montgomery**

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

Gallia County District Library
Gallia County
7 Spruce Street
Gallipolis, Ohio 45631

To the Board of Trustees:

We have audited the accompanying financial statements of the Gallia County District Library, Gallia County, Ohio (the Library), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 16, 2003. 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 the management of the Library in a separate letter dated June 16, 2003.

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 June 16, 2003.

Gallia County District Library
Gallia County
Independent Accountants' Report 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 16, 2003

**GALLIA COUNTY DISTRICT LIBRARY
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 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>
2000-00727-001	A reportable condition was issued in the prior audit for expenditures not being properly encumbered.	No	Partially Corrected; This has been reported to the management of the Township in a separate letter dated June 16, 2003.



**Auditor of State
Betty Montgomery**

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GALLIA COUNTY DISTRICT LIBRARY

GALLIA 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 26, 2003**