



**Auditor of State
Betty Montgomery**

**MONROE COUNTY DISTRICT LIBRARY
MONROE COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Monroe County District Library
Monroe County
96 Home Avenue
Woodsfield, OH 43793

To the Board of Trustees:

We have audited the accompanying financial statements of the Monroe County District Library, Monroe 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 reserves for encumbrances of the Library 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 March 3, 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, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 3, 2003

**MONROE COUNTY DISTRICT LIBRARY
MONROE COUNTY**

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

| | <u>Governmental Fund Types</u> | | Totals (Memorandum Only) |
|---|--------------------------------|-----------------------------|---|
| | <u>General</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | |
| Library and Local Government Support | \$567,561 | \$ | \$567,561 |
| Patron Fines and Fees | 14,187 | | 14,187 |
| Contributions, Gifts and Donations | 30 | | 30 |
| Earnings on Investments | 2,866 | 7,678 | 10,544 |
| Miscellaneous Receipts | 26,587 | | 26,587 |
| Total Cash Receipts | <u>611,231</u> | <u>7,678</u> | <u>618,909</u> |
| Cash Disbursements: | | | |
| Current: | | | |
| Salaries and Benefits | 300,290 | | 300,290 |
| Purchased and Contracted Services | 93,278 | | 93,278 |
| Library Materials and Information | 91,866 | | 91,866 |
| Supplies | 9,077 | | 9,077 |
| Other | 14,904 | | 14,904 |
| Capital Outlay | 37,311 | | 37,311 |
| Total Cash Disbursements | <u>546,726</u> | <u>0</u> | <u>546,726</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>64,505</u> | <u>7,678</u> | <u>72,183</u> |
| Other Financing Receipts/(Disbursements): | | | |
| Transfers-In | | 100,000 | 100,000 |
| Transfers-Out | (100,000) | | (100,000) |
| Total Other Financing Receipts/(Disbursements) | <u>(100,000)</u> | <u>100,000</u> | <u>0</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | <u>(35,495)</u> | <u>107,678</u> | <u>72,183</u> |
| Fund Cash Balances, January 1 | <u>141,014</u> | <u>402,903</u> | <u>543,917</u> |
| Fund Cash Balances, December 31 | <u><u>\$105,519</u></u> | <u><u>\$510,581</u></u> | <u><u>\$616,100</u></u> |
| Reserves for Encumbrances, December 31 | <u><u>\$24,530</u></u> | <u><u>\$0</u></u> | <u><u>\$24,530</u></u> |

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

**MONROE COUNTY DISTRICT LIBRARY
MONROE COUNTY**

**COMBINED 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> | | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | |
| Library and Local Government Support | \$615,496 | \$ | \$ | \$615,496 |
| Patron Fines and Fees | 11,575 | | | 11,575 |
| Contributions, Gifts and Donations | 117 | 18,358 | | 18,475 |
| Earnings on Investments | 8,938 | | 3,653 | 12,591 |
| Miscellaneous Receipts | 4,132 | | | 4,132 |
| Total Cash Receipts | <u>640,258</u> | <u>18,358</u> | <u>3,653</u> | <u>662,269</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| Salaries and Benefits | 236,913 | | | 236,913 |
| Purchased and Contracted Services | 88,465 | | | 88,465 |
| Library Materials and Information | 106,124 | 18,358 | | 124,482 |
| Supplies | 12,458 | | | 12,458 |
| Other | 20,010 | | | 20,010 |
| Capital Outlay | 4,540 | | 750 | 5,290 |
| Total Cash Disbursements | <u>468,510</u> | <u>18,358</u> | <u>750</u> | <u>487,618</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>171,748</u> | <u>0</u> | <u>2,903</u> | <u>174,651</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Transfers-In | | | 200,000 | 200,000 |
| Transfers-Out | (200,000) | | | (200,000) |
| Total Other Financing Receipts/(Disbursements) | <u>(200,000)</u> | <u>0</u> | <u>200,000</u> | <u>0</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (28,252) | 0 | 202,903 | 174,651 |
| Fund Cash Balances, January 1 | <u>169,266</u> | | <u>200,000</u> | <u>369,266</u> |
| Fund Cash Balances, December 31 | <u>\$141,014</u> | <u>\$0</u> | <u>\$402,903</u> | <u>\$543,917</u> |
| Reserves for Encumbrances, December 31 | <u>\$63,189</u> | <u>\$0</u> | <u>\$0</u> | <u>\$63,189</u> |

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

**MONROE COUNTY DISTRICT LIBRARY
MONROE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Monroe County District Library, Monroe 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 Monroe County Commissioners and Monroe County Court Judge for a term of seven years. The Library provides the community with various educational and literary resources. The Library is involved with the Southeastern Ohio Library Organization (SOLO) Regional Library System 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

Certificates of deposit are valued at cost.

D. Fund Accounting

The Library uses fund accounting to segregate cash that is 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. 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 Library had the following significant Special Revenue Fund:

Bill Gates Foundation Fund- This fund receives grant money for computer related equipment (with internet connectivity).

**MONROE COUNTY DISTRICT LIBRARY
MONROE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Project Funds

These funds are 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 had the following significant capital projects fund:

Library Construction Fund- This fund received transfers from the General Fund to begin construction of new library facilities.

E. Budgetary Process

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are not required to estimate resources or encumber appropriations; however, the Monroe County District Library elects to still follow budgetary requirements that were in place prior to January 2001.

1. Appropriations

The Board of Trustees annually approve appropriation measures and subsequent amendments. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control. 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 2002 and 2001 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.

**MONROE COUNTY DISTRICT LIBRARY
MONROE COUNTY**

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

2. EQUITY IN POOLED CASH

The Library maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 follows:

| | 2002 | 2001 |
|-------------------------|-----------|-----------|
| Demand deposits | \$176,100 | \$303,917 |
| Certificates of deposit | 440,000 | 240,000 |
| Total deposits | \$616,100 | \$543,917 |

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.

3. BUDGETARY ACTIVITY

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

2002 Budgeted vs. Actual Receipts

| | Budgeted Receipts | Actual Receipts | Variance |
|------------------|----------------------|--------------------|------------|
| General | \$632,921 | \$611,231 | (\$21,690) |
| Capital Projects | 0 | 107,678 | 107,678 |
| Total | \$632,921 | \$718,909 | \$85,988 |

2002 Budgeted vs. Actual Budgetary Basis Expenditures

| | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|----------------------------|---------------------------|-----------|
| General | \$774,150 | \$671,256 | \$102,894 |
| Capital Projects | 402,903 | 0 | 402,903 |
| Total | \$1,177,053 | \$671,256 | \$505,797 |

2001 Budgeted vs. Actual Receipts

| | Budgeted Receipts | Actual Receipts | Variance |
|------------------|----------------------|--------------------|-----------|
| General | \$646,657 | \$640,258 | (\$6,399) |
| Special Revenue | 18,358 | 18,358 | 0 |
| Capital Projects | 0 | 203,653 | 203,653 |
| Total | \$665,015 | \$862,269 | \$197,254 |

**MONROE COUNTY DISTRICT LIBRARY
MONROE COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

| 2001 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$815,924 | \$731,699 | \$84,225 |
| Special Revenue | 18,358 | 18,358 | 0 |
| Capital Projects | 200,000 | 750 | 199,250 |
| Total | \$1,034,282 | \$750,807 | \$283,475 |

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 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. The Library has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

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

The Library also provides health insurance, dental, and vision coverage to employees through a private carrier.

**MONROE COUNTY DISTRICT LIBRARY
MONROE COUNTY**

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

7. JOINTLY GOVERNED ORGANIZATION

The SOLO (Southeastern Ohio Library Organization) Regional Library System is a regional library system created and jointly governed according to the provisions of Ohio Rev. Code §3375.90 through §3375.93. SOLO 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. SOLO 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. SOLO provides annual training workshops for member library employees, technical training and assistance, a central graphics center, and coordinates the delivery of intra-library book loans. The Monroe County District Library's control over budgeting and financing of SOLO is limited to its voting authority and its representation on SOLO's Board of Trustees.

8. RELATED PARTY TRANSACTIONS

The Library pays an annual fee to SOLO Regional Library System, a jointly governed organization, of which the Library is a member. The Library paid \$6,304 to SOLO Regional Library System during the period January 1, 2002 through December 31, 2002 and paid \$10,065 during the period of January 1, 2001 through December 31, 2001.

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**Auditor of State
Betty Montgomery**

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

Monroe County District Library
Monroe County
96 Home Avenue
Woodsfield, Ohio 43793

To the Board of Trustees:

We have audited the accompanying financial statements of the Monroe County District Library, Monroe County, Ohio (the Library), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated March 3, 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*.

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.

Monroe County District Library
Monroe 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 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

March 3, 2003



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

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MONROE COUNTY DISTRICT LIBRARY

MONROE 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
MAY 8, 2003**