



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**WELLSVILLE CARNEGIE PUBLIC LIBRARY  
COLUMBIANA COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Wellsville Carnegie Public Library  
Columbiana County  
115 Ninth Street  
Wellsville, Ohio 43968

To the Board of Trustees:

We have audited the accompanying financial statements of the Wellsville Carnegie Public Library (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 combined fund cash balances of the Library as of December 31, 2001 and 2000, 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 7, 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 and contracts. 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 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". The signature is fluid and cursive, with a large loop at the end of the last name.

**Jim Petro**  
Auditor of State

June 7, 2002

**WELLSVILLE CARNEGIE PUBLIC LIBRARY  
COLUMBIANA COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Other Government Grants-In-Aid	\$504,631			\$504,631
Patron Fines and Fees	4,642			4,642
Earnings on Investments	23,648			23,648
Contributions, Gifts and Donations	12,480	\$18,358		30,838
Miscellaneous Receipts	628			628
	<u>546,029</u>	<u>18,358</u>		<u>564,387</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	160,852			160,852
Purchased and Contracted Services	38,358			38,358
Other Objects	97,270	52,588	20,261	170,119
	<u>296,480</u>	<u>52,588</u>	<u>20,261</u>	<u>369,329</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>249,549</u>	<u>(34,230)</u>	<u>(20,261)</u>	<u>195,058</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		250,000		250,000
Transfers-Out	(250,000)			(250,000)
	<u>(250,000)</u>	<u>250,000</u>		
Total Other Financing Receipts/(Disbursements)	<u>(250,000)</u>	<u>250,000</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(451)	215,770	(20,261)	195,058
Fund Cash Balances, January 1	<u>214,826</u>	<u>549,365</u>	<u>29,036</u>	<u>793,227</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$214,375</b></u>	<u><b>\$765,135</b></u>	<u><b>\$8,775</b></u>	<u><b>\$988,285</b></u>

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

**WELLSVILLE CARNEGIE PUBLIC LIBRARY  
COLUMBIANA COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Fiduciary</u> <u>Fund Type</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Capital</u> <u>Projects</u>	<u>Expendable</u> <u>Trust</u>	
<b>Cash Receipts:</b>				
Other Government Grants-In-Aid	\$433,064			433,064
Patron Fines and Fees	3,696			3,696
Earnings on Investments	21,255		\$2,201	23,456
Contributions, Gifts and Donations	8,648			8,648
Miscellaneous Receipts	220			220
	<u>466,883</u>	<u></u>	<u>2,201</u>	<u>469,084</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	150,900			150,900
Purchased and Contracted Services	33,550			33,550
Other Objects	87,221	\$23,662		110,883
	<u>271,671</u>	<u>23,662</u>	<u></u>	<u>295,333</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>195,212</u>	<u>(23,662)</u>	<u>2,201</u>	<u>173,751</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		250,000		250,000
Transfers-Out	(250,000)			(250,000)
	<u>(250,000)</u>	<u>250,000</u>	<u></u>	<u></u>
Total Other Financing Receipts/(Disbursements)	<u>(250,000)</u>	<u>250,000</u>	<u></u>	<u></u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(54,788)	226,338	2,201	173,751
Fund Cash Balances, January 1	269,614	323,027	26,835	619,476
<b>Fund Cash Balances, December 31</b>	<b><u>\$214,826</u></b>	<b><u>\$549,365</u></b>	<b><u>\$29,036</u></b>	<b><u>\$793,227</u></b>

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



**WELLSVILLE CARNEGIE PUBLIC LIBRARY  
COLUMBIANA COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Wellsville Carnegie Public Library, Columbiana 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 Wellsville City School District Board of Education. 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**

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.

**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 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:

*Permanent Improvement Fund* - Monies to be spent on improvements for the Library.

**WELLSVILLE CARNEGIE PUBLIC LIBRARY  
COLUMBIANA COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - ( 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 significant fiduciary funds:

*Struthers Expendable Trust Fund* - This fund accounts for the proceeds of the Struthers Trust granted to the Library to provide books and materials to the Library.

*Swaney Expendable Trust Fund* - This fund accounts for the proceeds of the Swaney Trust granted to the Library to provide books and materials to the Library.

**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. Appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level of control.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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. The Library did not encumber all commitments required by Ohio law.

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.

**WELLSVILLE CARNEGIE PUBLIC LIBRARY  
COLUMBIANA COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - ( Continued )**

**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:

	2001	2000
Demand deposits	\$863,285	\$668,227
Certificates of deposit	125,000	125,000
Total deposits	988,285	793,227

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

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

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$387,500	\$546,480	(\$158,980)
Capital Projects	145,000	52,588	92,412
Fiduciary	29,035	20,261	8,774
Total	\$561,535	\$619,329	(\$57,794)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$448,617	\$466,883	\$18,266
Capital Projects	0	250,000	250,000
Fiduciary	0	2,201	2,201
Total	\$448,617	\$719,084	\$270,467

**WELLSVILLE CARNEGIE PUBLIC LIBRARY  
COLUMBIANA COUNTY**

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

**3. BUDGETARY ACTIVITY - ( Continued )**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$356,500	\$521,671	(\$165,171)
Capital Projects	140,000	23,662	116,338
Fiduciary	26,680	0	26,680
Total	\$523,180	\$545,333	(\$22,153)

**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.

**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 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 and for 2001. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Library has paid all contributions required through December 31, 2001.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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



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

Wellsville Carnegie Public Library  
Columbiana County  
115 Ninth Street  
Wellsville, Ohio 43968

To the Board of Trustees:

We have audited the financial statements of the Wellsville Carnegie Public Library (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 7, 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 and contracts, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-01215-001 and 2001-01215-002. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated June 7, 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 June 7, 2002.

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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

June 7, 2002

**WELLSVILLE CARNEGIE PUBLIC LIBRARY  
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2001-01215-001**

**Noncompliance Citation**

**Ohio Revised Code §3375.36** states in part that, the clerk of the Board of library trustees of a free public library shall be the treasurer of the library funds. All moneys received by such clerk for library purposes shall be immediately placed by him in a depository designated by the Board. Such clerk shall keep an account of the funds credited to the Board. Such clerk shall render a statement to the Board monthly showing the revenues and receipts from whatever sources derived, the disbursements and the purposes for such disbursements, and the assets and liabilities of the Board.

Twenty one percent (21%) of the Clerk's monthly reports to the Board of Trustees did not contain sufficient detailed expenditure information as required. Failure to provide the Board of Trustees with sufficient information on a timely basis could impede the decision making process as well as allow monies to be spent contrary to the intentions of the Board.

We recommend that the Clerk prepare detailed monthly reports to the Board of Trustees that include a list of receipts and expenditures. This will help to ensure that the Board makes informed decisions on the Libraries receipts and expenditures and help to prevent monies being spent contrary to the intentions of the Board.

**FINDING NUMBER 2001-01215-002**

**Noncompliance Citation**

**Ohio Administrative Code Rule 117-4-07(C)** states in part that, each expenditure or encumbrance charged against an appropriation account shall be posted and subtracted from the appropriated balance producing a declining unencumbered balance. This procedure is to be initiated by an executed purchase order.

For 2000, forty-five percent (45%) of the transactions were not encumbered before the commitment (i.e. the invoice date preceded the purchase order date). For 2001, an additional forty-eight percent (48%) of the transactions were not encumbered before the commitment. Incurring obligations prior to encumbrances and the fiscal officer's certification of the availability of funds for such obligations could result in the Library expending more than was appropriated and/or available.

Beginning January 1, 2001 the Ohio Administrative Code does not require libraries to encumber.

**WELLSVILLE CARNEGIE PUBLIC LIBRARY  
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain:</b></i>
<b>1999-01215-001</b>	Ohio Administrative Code Rule 117-4-7(C) - failure to properly encumber	No	Not corrected: The Library continued to have a significant amount of transactions which were not properly certified and/or the obligation date preceded the purchase order date. Repeated as finding #2001-01215-002.
<b>1999-01215-002</b>	Ohio Revised Code §3375.41 failure to obtain bids for significant change orders.	Yes	
<b>1999-01215-003</b>	Ohio Administrative Code Rule 117-4-10 - failure to obtain amended certificates	Yes	





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**WELLSVILLE CARNEGIE PUBLIC LIBRARY**

**COLUMBIANA 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  
JULY 25, 2002**