



**Auditor of State  
Betty Montgomery**



**SYLVESTER MEMORIAL WELLSTON PUBLIC LIBRARY  
JACKSON COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Sylvester Memorial Wellston 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 Wellston Public Library, Jackson County, Ohio (the Library), as of and for the years ended December 31, 2003 and December 31, 2002. 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.

The Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides a reasonable basis for our opinion.

As described 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 Wellston Public Library, Jackson County, as of December 31, 2003 and December 31, 2002, 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 April 8, 2004 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.

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Sylvester Memorial Wellston Public Library  
Jackson County  
Independent Accountants' Report  
Page 2

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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 8, 2004

**SYLVESTER MEMORIAL WELLSTON 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, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Library and Local Government Support	\$437,238	\$0	\$437,238
Patron Fines and Fees	11,196		11,196
Earnings on Investments	3,367	35,797	39,164
Contributions, Gifts and Donations	1,614	4,150	5,764
Miscellaneous Receipts	1,126		1,126
	<u>454,541</u>	<u>39,947</u>	<u>494,488</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	333,576		333,576
Supplies	13,647		13,647
Purchased and Contracted Services	48,754		48,754
Library Information and Material	45,379		45,379
Other Objects	1,134		1,134
Capital Outlay	8,416	3,270	11,686
	<u>450,906</u>	<u>3,270</u>	<u>454,176</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>3,635</u>	<u>36,677</u>	<u>40,312</u>
Fund Cash Balances, January 1	<u>177,113</u>	<u>1,431,685</u>	<u>1,608,798</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$180,748</u></b>	<b><u>\$1,468,362</u></b>	<b><u>\$1,649,110</u></b>
Reserves for Encumbrances, December 31	<u>\$4,843</u>	<u>\$9,570</u>	<u>\$14,413</u>

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

**SYLVESTER MEMORIAL WELLSTON 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, 2002**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Library and Local Government Support	\$441,847	\$0	\$441,847
Patron Fines and Fees	10,811		10,811
Earnings on Investments	4,077	49,521	53,598
Contributions, Gifts and Donations	1,175	5,377	6,552
Miscellaneous Receipts	1,327		1,327
<b>Total Cash Receipts</b>	<u>459,237</u>	<u>54,898</u>	<u>514,135</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	312,112		312,112
Supplies	16,169		16,169
Purchased and Contracted Services	49,146		49,146
Library Material and Information	49,058		49,058
Other Objects	1,288		1,288
Capital Outlay	9,790	10,789	20,579
<b>Total Cash Disbursements</b>	<u>437,563</u>	<u>10,789</u>	<u>448,352</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>21,674</u>	<u>44,109</u>	<u>65,783</u>
Fund Cash Balances, January 1	<u>155,439</u>	<u>1,387,576</u>	<u>1,543,015</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$177,113</b></u>	<u><b>\$1,431,685</b></u>	<u><b>\$1,608,798</b></u>
Reserves for Encumbrances, December 31	<u>\$6,339</u>	<u>\$1,300</u>	<u>\$7,639</u>

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



**SYLVESTER MEMORIAL WELLSTON PUBLIC LIBRARY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Sylvester Memorial Wellston 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 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.

Certificates of deposit are valued at cost. The investment in STAROhio is recorded at share values 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 Project Fund**

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 project fund:

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

**SYLVESTER MEMORIAL WELLSTON PUBLIC LIBRARY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**E. Budgetary Process**

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.

A summary of 2003 and 2002 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 Vacation and Personal 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 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:

	2003	2002
Demand Deposits	\$142,675	\$140,261
Certificates of Deposit	1,351,091	1,315,089
Total deposits	1,493,766	1,455,350
 STAROhio	 155,344	 153,448
Total investments	155,344	153,448
Total Deposits and Investments	\$1,649,110	\$1,608,798

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

**SYLVESTER MEMORIAL WELLSTON PUBLIC LIBRARY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$638,221	\$455,749	\$182,472
Capital Projects	1,467,656	12,840	1,454,816
Total	\$2,105,877	\$468,589	\$1,637,288

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$613,744	\$443,902	\$169,842
Capital Projects	1,487,576	12,089	1,475,487
Total	\$2,101,320	\$455,991	\$1,645,329

**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 Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. OPERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees.

Contribution rates are prescribed by the Ohio Revised Code. The Library's OPERS members contributed 8.5% of their gross salaries. For 2003 and 2002, the Library contributed an amount equal to 13.55% of participants' gross salaries. The library has paid all contributions required through December 31, 2003.

**SYLVESTER MEMORIAL WELLSTON PUBLIC LIBRARY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

The Library provides health insurance to all employees through a private carrier. Dental and vision insurance must be paid for by the employees through the same 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 Sections 3375.70 through 3375.73, Revised Code. OVAL is composed of autonomous public libraries in the Ohio Counties of Athens, Gallia, Jackson, Lawrence, Meigs, Pike, Ross, Pickaway, Scioto, and Vinton. OVAL's Board of Trustees consists of the director from each of the member Libraries. The Sylvester Memorial Wellston 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.

**8. RELATED PARTY TRANSACTION**

The Library pays an annual fee as well as service fees to the Ohio Valley Area Libraries (OVAL), a jointly governed organization, of which the Library is a member. OVAL provides training programs, technology support, and "Books by Mail" services for which the member libraries are billed each month. The Library paid \$12,930 to OVAL for annual dues and fees for services provided and \$22,098 for hospitalization insurance provided through OVAL in 2003. The Library paid \$12,803 to OVAL for annual dues and fees for services provided and \$15,794 for hospitalization insurance provided through OVAL in 2002.



## Auditor of State Betty Montgomery

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

Sylvester Memorial Wellston 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 Wellston Public Library, Jackson County, Ohio (the Library), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 8, 2004, wherein we noted that the Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 April 8, 2004.

#### 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated April 8, 2004.

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Sylvester Memorial Wellston Public Library  
Jackson 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 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

April 8, 2004



**Auditor of State  
Betty Montgomery**

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**SYLVESTER MEMORIAL WELLSTON 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  
MAY 18, 2004**