

**MONROE COUNTY DISTRICT LIBRARY**

**AUDIT REPORT**

**JANUARY 1, 2003 - DECEMBER 31, 2004**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Monroe County District Library  
96 Home Avenue  
Woodsfield, Ohio 43793

We have reviewed the *Independent Auditor's Report* of the Monroe County District Library, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2003 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Monroe County District Library is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

August 30, 2005

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**MONROE COUNTY DISTRICT LIBRARY  
MONROE COUNTY  
JANUARY 1, 2003 - DECEMBER 31, 2004**

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**WOLFE, WILSON, & PHILLIPS, INC.**  
**37 SOUTH SEVENTH STREET**  
**ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Monroe County District Library  
96 Home Avenue  
Woodsfield, Ohio 43793

We have audited the accompanying financial statements of the Monroe County District Library, Monroe County, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Monroe County District 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 described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Monroe County District Library's combined funds as of December 31, 2004 and 2003, and their changes in financial position.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Monroe County District Library, as of December 31, 2004 and 2003, 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 a report dated July 21, 2005, on our consideration of the Monroe County District Library's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
July 21, 2005

**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, 2004**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Debt Service	Capital Projects	
<b>Cash Receipts:</b>				
Library and Local Government Support	\$ 565,124	\$ -	\$ -	\$ 565,124
Patron Fines and Fees	15,354	-	-	15,354
Contributions, Gifts and Donations	698	-	-	698
Earnings on Investments	1,647	-	4,182	5,829
Miscellaneous	9,161	-	-	9,161
<b>Total Cash Receipts</b>	<u>591,984</u>	<u>-</u>	<u>4,182</u>	<u>596,166</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	275,152	-	-	275,152
Purchased and Contracted Services	109,810	-	-	109,810
Library Materials and Information	43,092	-	-	43,092
Supplies	6,378	-	-	6,378
Other	18,060	-	-	18,060
Capital Outlay	-	-	537,722	537,722
<b>Total Cash Disbursements</b>	<u>452,492</u>	<u>-</u>	<u>537,722</u>	<u>990,214</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	139,492	-	(533,540)	(394,048)
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In	-	51,394	-	51,394
Other Debt Proceeds	-	-	137,000	137,000
Other Financing Sources	1,435	-	-	1,435
Transfers-Out	-	-	(51,394)	(51,394)
<b>Total Other Financing Receipts and (Disbursements)</b>	<u>1,435</u>	<u>51,394</u>	<u>85,606</u>	<u>138,435</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	140,927	51,394	(447,934)	(255,613)
<b>Fund Cash Balances, January 1</b>	<u>53,843</u>	<u>-</u>	<u>615,193</u>	<u>669,036</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 194,770</u>	<u>\$ 51,394</u>	<u>\$ 167,259</u>	<u>\$ 413,423</u>
<b>Reserve for Encumbrances, December 31</b>	<u>\$ 96,583</u>	<u>\$ -</u>	<u>\$ 163,078</u>	<u>\$ 259,661</u>

See notes to financial statements.

**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, 2003**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Capital Projects	
<b>Cash Receipts:</b>			
Library and Local Government Support	\$ 561,613	\$ -	\$ 561,613
Patron Fines and Fees	14,768	-	14,768
Contributions, Gifts and Donations	694	-	694
Earnings on Investments	5,202	4,612	9,814
Miscellaneous	4,257	-	4,257
<b>Total Cash Receipts</b>	586,534	4,612	591,146
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	297,085	-	297,085
Purchased and Contracted Services	127,656	-	127,656
Library Materials and Information	84,810	-	84,810
Supplies	15,481	-	15,481
Other	12,487	-	12,487
Capital Outlay	691	-	691
<b>Total Cash Disbursements</b>	538,210	-	538,210
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	48,324	4,612	52,936
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-In	-	100,000	100,000
Transfers-Out	(100,000)	-	(100,000)
<b>Total Other Financing Receipts and (Disbursements)</b>	(100,000)	100,000	-
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	(51,676)	104,612	52,936
<b>Fund Cash Balances, January 1</b>	105,519	510,581	616,100
<b>Fund Cash Balances, December 31</b>	\$ 53,843	\$ 615,193	\$ 669,036
<b>Reserve for Encumbrances, December 31</b>	\$ 27,099	\$ -	\$ 27,099

See notes to financial statements.



**MONROE COUNTY DISTRICT LIBRARY  
MONROE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**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 the State 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 8.

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**

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:

**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.

**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 Funds:

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

**MONROE COUNTY DISTRICT LIBRARY  
MONROE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

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

**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.

**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.

**Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**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 2004 and 2003 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**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as a liabilities under the Library's basis of accounting.

**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 was as follows:

	2004	2003
Demand Deposits	\$ 393,423	\$ 129,036
Certificates of Deposit	20,000	540,000
Demand deposits	<u>\$ 413,423</u>	<u>\$ 669,036</u>

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

**MONROE COUNTY DISTRICT LIBRARY  
MONROE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 585,498	\$ 593,419	\$ 7,921
Debt Service	-	51,394	51,394
Capital projects	137,000	141,182	4,182
Total	<u>\$ 722,498</u>	<u>\$ 785,995</u>	<u>\$ 63,497</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 639,341	\$ 549,075	\$ 90,266
Debt Service	-	-	-
Capital Projects	752,194	752,194	-
Total	<u>\$ 1,391,535</u>	<u>\$ 1,301,269</u>	<u>\$ 90,266</u>

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 632,921	\$ 586,534	\$ (46,387)
Capital projects	104,000	104,612	612
Total	<u>\$ 736,921</u>	<u>\$ 691,146</u>	<u>\$ (45,775)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 734,530	\$ 665,309	\$ 69,221
Capital Projects	510,581	-	510,581
Total	<u>\$ 1,245,111</u>	<u>\$ 665,309</u>	<u>\$ 579,802</u>

**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.

**MONROE COUNTY DISTRICT LIBRARY  
MONROE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**5. DEBT**

Debt outstanding at December 31, 2004, was as follows:

	Principle	Interest Rate
Library Facilities Notes	\$ 137,000	4.70%

The Library obtained notes from Citizens National Bank of Woodsfield to help pay for the construction of the new library. The notes are due as of September 9, 2008, with semi-annual payments, including interest at 4.70%. The notes are secured by the assets of the Library.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31;	Notes
2005	\$ 4,260
2006	49,495
2007	49,495
2008	49,495
Total	\$ 152,745

**6. RETIREMENT SYSTEMS**

The Public Employees Retirement System (PERS) of Ohio 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 also prescribed by the Ohio Revised Code. For 2004 and 2003, PERS members contributed 8.5% of their wages. The Library contributed an amount equal to 13.55% of participant's gross salaries. The Library has paid all contributions required through December 31, 2004.

**7. 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 full time employees through a private carrier.

**MONROE COUNTY DISTRICT LIBRARY  
MONROE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**8. 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 Revised Code Sections 3375.90 through 3375.93. SOLO is composed of fourteen legally-separate libraries within Southeast Ohio: Barnesville Hutten 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 general 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.

**9. RELATED PART 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 \$4,750 to SOLO Regional Library System during the period January 1, 2004 through December 31, 2004 and paid \$4,200 during the period January 1, 2003 through December 31, 2003.

**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT  
OF FINANCIAL STATEMENT PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.**

Board of Trustees  
Monroe County District Library  
96 Home Avenue  
Woodsfield, Ohio 43793

We have audited the financial statements of The Monroe County District Library as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 21, 2005, wherein we noted the Library followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

**Internal Control Over Financing Reporting**

In planning and performing our audit, we considered the Monroe County District Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the combined financial statements and not to provide an opinion 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 a material weakness. 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 of 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 internal control over financial reporting that we have reported to management of the Monroe County District Library in a separate letter dated July 21, 2005.

**Compliance**

As part of obtaining reasonable assurance about whether the Monroe County District Library's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of management, Board of Trustees and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
July 21, 2005



**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140  
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800-282-0370  
Facsimile 614-466-4490

**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  
SEPTEMBER 13, 2005**