



**OHIO VALLEY AREA LIBRARIES
JACKSON COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**OHIO VALLEY AREA LIBRARIES
JACKSON COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Ohio Valley Area Libraries
Jackson County
252 West Thirteenth Street
Wellston, Ohio 45692

To the Board of Trustees:

We have audited the accompanying financial statements of the Ohio Valley Area Libraries, Jackson County, Ohio (the Library), as of and for the year ended June 30, 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 Ohio Valley Area Libraries, Jackson County, as of June 30, 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 October 23, 2001, 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.

Jim Petro
Auditor of State

November 1, 2001

**OHIO VALLEY AREA LIBRARIES
JACKSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Government Grants-In-Aid	\$	\$374,936	\$	\$374,936
Patron Fines and Fees	14			14
Earnings on Investments	7,471			7,471
Services Provided to Other Entities	10,561			10,561
Other Revenue	17,981			17,981
Total Cash Receipts	<u>36,027</u>	<u>374,936</u>	<u>0</u>	<u>410,963</u>
Cash Disbursements:				
Salaries and Benefits	794	233,754		234,548
Supplies	2,653	11,813		14,466
Purchased and Contracted Services	32,652	50,287	1,188	84,127
Library Materials and Information	718			718
Capital Outlay	4,357	93,433		97,790
Other Objects	928	6,011		6,939
Total Cash Disbursements	<u>42,102</u>	<u>395,298</u>	<u>1,188</u>	<u>438,588</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(6,075)</u>	<u>(20,362)</u>	<u>(1,188)</u>	<u>(27,625)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	378			378
Transfers-Out	(2,933)			(2,933)
Total Other Financing Receipts/(Disbursements)	<u>(2,555)</u>	<u>0</u>	<u>0</u>	<u>(2,555)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(8,630)</u>	<u>(20,362)</u>	<u>(1,188)</u>	<u>(30,180)</u>
Fund Cash Balances, July 1	<u>49,825</u>	<u>61,258</u>	<u>22,857</u>	<u>133,940</u>
Fund Cash Balances, June 30	<u>\$41,195</u>	<u>\$40,896</u>	<u>\$21,669</u>	<u>\$103,760</u>
Reserves for Encumbrances, June 30	<u>\$0</u>	<u>\$40,896</u>	<u>\$0</u>	<u>\$40,896</u>

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

**OHIO VALLEY AREA LIBRARIES
JACKSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Services Provided to Other Entities	\$154,783	\$167,497	\$322,280
Total Operating Cash Receipts	154,783	167,497	322,280
Operating Cash Disbursements:			
Salaries and Benefits	72,373		72,373
Supplies	980	358	1,338
Purchased and Contracted Services	90,614	39,733	130,347
Library Materials and Information	47,239		47,239
Capital Outlay	645		645
Other Objects	411	115,305	115,716
Total Operating Cash Disbursements	212,262	155,396	367,658
Operating Income / (Loss) Before Interfund Transfers	(57,479)	12,101	(45,378)
Transfers-In	2,933		2,933
Transfers-Out	(378)		(378)
Net Receipts Over/(Under) Disbursements	(54,924)	12,101	(42,823)
Fund Cash Balances, July 1	76,840	22,136	98,976
Fund Cash Balances, June 30	\$21,916	\$34,237	\$56,153
Reserves for Encumbrances, June 30	\$0	\$0	\$0

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

**OHIO VALLEY AREA LIBRARIES
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Ohio Valley Area Libraries (the Library), is an area regional library system created and governed according to the provisions of Ohio Rev. Code § 3375.90. The Library cannot be defined as a political subdivision or taxing district, therefore, it is not required to file an annual financial report. Under the provisions of Ohio Rev. Code § 3375.90, an area regional library system is subject to the record keeping procedures prescribed by the Auditor of State and is subject to audit.

The Library is composed of autonomous public libraries in the Ohio counties of Athens, Hocking, Jackson, Lawrence, Meigs, Pike, Ross, Scioto, and Vinton, and derives its power from Ohio Rev. Code § 3375.90, and other relevant sections..

The Board of Trustees of each member library shall elect one of its Trustees to the Library Board of Trustees, for a two-year term, arranged so that half of the terms expire each year.

Management believes the financial statements included in this report represent all of the funds of the Library over which the Library has the ability to exercise direct operating control.

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

The Library has a primary checking account and a money market account.

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. 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:

State Library Fund - This fund received money from the state for operating expenses of the Library.

**OHIO VALLEY AREA LIBRARIES
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 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 Project Fund:

Building Fund - This fund had received money for grounds improvements.

4. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Library had the following significant Enterprise Funds:

Outside Books by Mail Contracts Fund - This fund received money from public participating member libraries for services rendered by the Library.

Member Fees - This fund received money from public participating member libraries for services rendered by the Library.

5. Fiduciary Funds (Trust and Agency 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. Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had the following significant Fiduciary Fund:

Insurance Fund - This Agency Fund received money from participating member libraries to pay insurance expenses of the user group.

E. Budgetary Process

The Ohio Administrative Code requires that each fund be budgeted annually.

1. Appropriations

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

**OHIO VALLEY AREA LIBRARIES
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried forward, and need not be reappropriated.

A summary of 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.

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 June 30 follows:

	<u>2001</u>
Demand deposits	\$159,913
	<u><u> </u></u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2001 as follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$36,027	\$36,405	\$378
Special Revenue	374,936	374,936	0
Capital Projects	0	0	0
Enterprise	157,716	157,716	0
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$568,679</u>	<u>\$569,057</u>	<u>\$378</u>
	<u> </u>	<u> </u>	<u> </u>

**OHIO VALLEY AREA LIBRARIES
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$86,230	\$45,035	\$41,195
Special Revenue	436,194	436,194	0
Capital Projects	22,856	1,188	21,668
Enterprise	234,179	212,640	21,539
	Total	\$779,459	\$695,057
		\$779,459	\$695,057
			\$84,402

4. LEASE PURCHASE AGREEMENTS

Lease Purchase agreement outstanding at June 30, 2001 was as follows:

Provider	Purpose	Amount
Arthur Alan Corporation	Building/Office Space	\$128,926

5. RETIREMENT SYSTEM

The Library's 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 the period, PERS members contributed 8.5% of their gross salaries. For the period of July 1, 2000 through December 31, 2000, the Library contributed an amount equal to 8.13% of participants' gross salaries. For the period of January 1, 2001 through June 30, 2001, the Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions through June 30, 2001.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles



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Athens, Ohio 45701
Telephone 740-594-3300
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Facsimile 740-594-2110
www.auditor.state.oh.us

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

Ohio Valley Area Libraries
Jackson County
252 West Thirteenth Street
Wellston, Ohio 45692

To the Board of Trustees:

We have audited the accompanying financial statements of the Ohio Valley Area Libraries, Jackson County, Ohio (the Library), as of and for the year ended June 30, 2001, and have issued our report thereon dated October 23, 2001. 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.

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.

Jim Petro
Auditor of State

November 1, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

OHIO VALLEY AREA LIBRARIES

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
NOVEMBER 27, 2001**