



**SOLO REGIONAL LIBRARY SYSTEM  
NOBLE COUNTY**

**INITIAL AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



**JIM PETRO  
AUDITOR OF STATE**

STATE OF OHIO



**SOLO REGIONAL LIBRARY SYSTEM  
NOBLE COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

SOLO Regional Library System  
Noble County  
40774 State Route 821  
Caldwell, Ohio 43724

To the Board of Trustees:

We have audited the accompanying financial statement of the SOLO (Southeastern Ohio Library Organization) Regional Library System, Noble County, Ohio (the Regional Library System ), as of and for the year ended June 30, 2000. This financial statement is the responsibility of the Regional Library System's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 Regional Library System prepared its financial statement 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 statement referred to above presents fairly, in all material respects, the combined fund cash balances of the SOLO Regional Library System, Noble County, as of June 30, 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 March 29, 2001, on our consideration of the Regional Library Systems internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This 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, 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.

**Jim Petro**  
Auditor of State

March 29, 2001

**SOLO REGIONAL LIBRARY SYSTEM  
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES -  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
State Grants-In-Aid	\$15,000	\$111,473	\$126,473
Local Grants	8,500		8,500
Membership Fees	168,000		168,000
Earnings on Investments	1,801		1,801
Transportation Services Provided to Member Libraries	57,471		57,471
Contributions, Gifts and Donations	2,533		2,533
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	253,305	111,473	364,778
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits		73,404	73,404
Supplies	6,797		6,797
Purchased and Contracted Services	7,917	10,747	18,664
Transportation Expenses to Member Libraries	77,243		77,243
Library Supplies And Information		6,889	6,889
Other Objects	9,836	105	9,941
Capital Outlay	23,472	6,187	29,659
Debt Service:			
Capital Lease Payments	20,000	14,050	34,050
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	145,265	111,382	256,647
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	108,040	91	108,131
Fund Cash Balances, July 1	<hr/>	<hr/>	<hr/>
	0	0	0
<b>Fund Cash Balances, Jue 30</b>	<hr/> <b>\$108,040</b> <hr/>	<hr/> <b>\$91</b> <hr/>	<hr/> <b>\$108,131</b> <hr/>

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

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**SOLO REGIONAL LIBRARY SYSTEM  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
JUNE 30, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The SOLO Regional Library System, (the 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. The Regional Library System 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. The Regional Library System 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. The Regional Library System 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 Regional Library System's management believes the financial statement presents all activities for which the Regional Library System is financially accountable.

**B. Basis of Accounting**

The financial statement follows 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.

The statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

During fiscal year 2000, investments were limited to an interest bearing checking account.

**D. Fund Accounting**

The Regional Library System uses fund accounting to segregate cash and investments that are restricted as to use. The Regional Library System 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 Fund**

This fund is 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 Regional Library System had the following significant Special Revenue Fund:

**SOLO REGIONAL LIBRARY SYSTEM  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
JUNE 30, 2000  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Fund (Continued)**

State Library Fund - This fund receives money from the State Library of Ohio for operating expenses of the Regional Library System. By agreement with the State Library of Ohio, these monies are to be accounted in a separate fund.

**E. 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.

**F. 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 Regional Library System.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Regional Library System 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:

	<b><u>2000</u></b>
Demand deposits	<u>\$108,131</u>

**Deposits:** Deposits were insured by the Federal Deposit Insurance Corporation or were not insured or collateralized.

At June 30, 2000, \$29,665 of deposits were not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

**3. STATE AID**

The primary source of revenue for the Regional Library System is state-aid from the State Library of Ohio. At the beginning of the fiscal year, the State Library outlines in their agreement with the Regional Library System the four quarterly amounts of state-aid that will be remitted by the State Library of Ohio to the Regional Library System. In the event that state funds become unavailable to the State Library of Ohio, the State Library of Ohio shall modify or cease the terms of the agreement based upon the financial restrictions imposed by the State of Ohio.

**SOLO REGIONAL LIBRARY SYSTEM  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
JUNE 30, 2000  
(Continued)**

**4. LEASE PURCHASE AGREEMENTS**

The Regional Library System has entered into a lease-purchase agreement with Caldwell Mobile Home Sales for the construction and lease of an office facility. The Regional Library System agreed to lease the facility for \$174,871. The Regional Library System paid the Landlord \$10,000 upon execution of the agreement dated November 30, 1999, and they paid \$20,000, considered to be advance rent, upon the issuance of the occupancy permit. The rent is to be paid in equal monthly installments of \$2,414 for a term of five years beginning on May 10, 2000 and ending on May 10, 2005, for a total of \$174,871. The premises will become the property of the Regional Library System in fee simple upon the expiration or the early termination of the lease.

Lease Purchase agreement outstanding at June 30, 2000 was as follows:

<u>Provider</u>	<u>Purpose</u>	<u>Amount</u>
Caldwell Mobile Home Sales	Building/Office Space	\$140,821

**5. RETIREMENT SYSTEM**

The Regional Library System's employees belong to the Public Employees Retirement System of Ohio (PERS) of Ohio. PERS is a state operated, multiple-employer plan. The 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 fiscal year 2000, PERS members contributed 8.5% of their gross salaries. The Regional Library System contributed an amount equal to 13.55% of participants' gross salaries. The Regional Library System has paid all contributions required through June 30, 2000.

**6. RISK MANAGEMENT**

The Regional Library System has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Employee's Dishonesty Bond

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

SOLO Regional Library System  
Noble County  
40774 State Route 821  
Caldwell, Ohio 43724

To the Board of Trustees:

We have audited the accompanying financial statement of the SOLO Regional Library System, Noble County, Ohio (the Regional Library System), as of and for the year ended June 30, 2000, and have issued our report thereon dated March 29, 2001. We conducted our audit in accordance with generally accepted auditing standards 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 Regional Library System's financial statement is 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2000-01061-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Regional Library System in a separate letter dated March 29, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Regional Library System'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 the management of the Regional Library System in a separate letter dated March 29, 2001.

SOLO Regional Library System  
Noble County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, and the 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

March 29, 2001

**SOLO REGIONAL LIBRARY SYSTEM  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2000**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2000-01061-001**

**Noncompliance Citation**

Ohio Rev. Code Sections 135.18 and 135.181 requires the fiscal agent of an entity to require the depository to provide as security an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities.

During eight of twelve months, the Regional Library System had funds on deposit in excess of the amount insured by the Federal Deposit Insurance Corporation. No additional pledged collateral was obtained even though the depository contract stated that additional collateral would be pledged. As a result, the Regional Library System has funds on deposit in excess of the amount collateralized by the banking institution.

We recommend the fiscal agent monitor the account balances and require the depository to pledge sufficient collateral in the name of the Regional Library System whenever the balances exceed the amount insured by the Federal Deposit Insurance Corporation. During field work, the fiscal agent secured a letter from the depository stating that an additional \$50,000 of collateral would be pledged to the Regional Library System.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**SOLO REGIONAL LIBRARY SYSTEM**

**NOBLE 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  
APRIL 12, 2001**