



**WASHINGTON COUNTY PUBLIC LIBRARY
WASHINGTON COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

WASHINGTON COUNTY PUBLIC LIBRARY
WASHINGTON COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Washington County Public Library
Washington County
615 Fifth Street
Marietta, Ohio 45750

To the Board of Trustees:

We have audited the accompanying financial statement of the Washington County Public Library, Washington County, Ohio (the Library), as of and for the year ended December 31, 2001. This financial statement is the responsibility of the Library's management. Our responsibility is to express an opinion on this financial statement 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 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 and reserves for encumbrances of the Washington County Public Library, Washington County, as of December 31, 2001, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 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, 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, the Board of Trustees and other officials authorized to receive this report under Section 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

January 25, 2002

**WASHINGTON COUNTY PUBLIC LIBRARY
WASHINGTON COUNTY**

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

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | |
| Governmental Grants-In-Aid | \$ 2,566,955 | \$ | \$ | \$ 2,566,955 |
| Patron Fines and Fees | 58,563 | | | 58,563 |
| Earnings on Investments | 50,443 | | | 50,443 |
| Contributions, Gifts and Donations | 10,856 | 342 | 82,405 | 93,603 |
| Miscellaneous Receipts | 6,490 | | | 6,490 |
| Total Cash Receipts | <u>2,693,307</u> | <u>342</u> | <u>82,405</u> | <u>2,776,054</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| Salaries and Benefits | 1,418,721 | | | 1,418,721 |
| Supplies | 60,885 | | | 60,885 |
| Purchased and Contracted Services | 325,560 | | | 325,560 |
| Library Materials and Information | 441,152 | | | 441,152 |
| Other Objects | 13,738 | | | 13,738 |
| Capital Outlay | 18,280 | | 507,424 | 525,704 |
| Total Cash Disbursements | <u>2,278,336</u> | <u>0</u> | <u>507,424</u> | <u>2,785,760</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>414,971</u> | <u>342</u> | <u>(425,019)</u> | <u>(9,706)</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Transfers-In | | | 275,000 | 275,000 |
| Transfers-Out | (275,000) | | | (275,000) |
| Total Other Financing Receipts/(Disbursements) | <u>(275,000)</u> | <u>0</u> | <u>275,000</u> | <u>0</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | <u>139,971</u> | <u>342</u> | <u>(150,019)</u> | <u>(9,706)</u> |
| Fund Cash Balances, January 1 | <u>166,377</u> | <u>21,166</u> | <u>960,124</u> | <u>1,147,667</u> |
| Fund Cash Balances, December 31 | <u>\$ 306,348</u> | <u>\$ 21,508</u> | <u>\$ 810,105</u> | <u>\$ 1,137,961</u> |
| Reserves for Encumbrances, December 31 | <u>\$ 94,221</u> | <u>\$</u> | <u>\$ 321,667</u> | <u>\$ 415,888</u> |

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

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**WASHINGTON COUNTY PUBLIC LIBRARY
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Washington County Public Library, Washington 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 of which three are appointed by the Washington County Court of Common Pleas, and four are appointed by the Washington County Commissioners. The Library provides the community with various educational and literary resources.

The Library's management believes this financial statement presents all activities for which the Library 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes 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.

The investment in STAROhio (the State Treasurer's investment pool) is valued at amounts 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. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

Curran Fund - This fund is used to account for proceeds used from a donation.

WASHINGTON COUNTY PUBLIC LIBRARY
WASHINGTON COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 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. The Library had the following significant Capital Project Funds:

History/Genealogy Building and Improvement Fund - This fund receives restricted contributions, gifts, and donations to maintain, construct, repair, furnish, and equip the Library's buildings.

Beverly Branch Building and Improvement Fund - This fund receives restricted contributions, gifts, and donations to maintain, construct, repair, furnish, and equip the Library's buildings.

System-Wide Computer Equipment Fund - This fund receives funds to purchase new computers for the Library.

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.

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.

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 statement.

**WASHINGTON COUNTY PUBLIC LIBRARY
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 December 31 follows:

| | 2001 |
|--------------------------------|----------------------------|
| Demand deposits | \$ 149,256 |
| Petty Cash | <u>779</u> |
| Total deposits | 150,035 |
| STAROhio | <u>987,926</u> |
| Total investments | <u>987,926</u> |
| Total deposits and investments | <u><u>\$ 1,137,961</u></u> |

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

Investments: Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2001, follows:

| Fund Type | Budgeted vs. Actual Receipts | | |
|------------------|------------------------------|----------------------------|-------------------------|
| | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 2,682,226 | \$ 2,693,307 | \$ 11,081 |
| Special Revenue | 320 | 342 | 22 |
| Capital Projects | <u>305,490</u> | <u>357,405</u> | <u>51,915</u> |
| Total | <u><u>\$ 2,988,036</u></u> | <u><u>\$ 3,051,054</u></u> | <u><u>\$ 63,018</u></u> |

**WASHINGTON COUNTY PUBLIC LIBRARY
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

| Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|--|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 2,681,249 | \$ 2,647,557 | \$ 33,692 |
| Special Revenue | 0 | 0 | 0 |
| Capital Projects | 911,425 | 829,091 | 82,334 |
| Total | \$ 3,592,674 | \$ 3,476,648 | \$ 116,026 |

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 on account of any additional revenues realized by the Library.

5. OUTSTANDING CONTRACTS

As of December 31, 2001, the Library had two outstanding contracts for the renovation of their Beverly Branch. The Library also established an escrow account for the retainage for the project. However, the amount of the escrow account is not reflected in the accompanying financial statement.

| | Amount Outstanding |
|-----------------------------|-----------------------|
| Silverheels | \$ 199,482 |
| Library Design & Associates | 82,500 |
| Total | \$ 281,982 |

6. RETIREMENT SYSTEM

The Library's employees belong to the Public Employees Retirement System of Ohio (PERS). 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 also 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. The Library has paid all contributions required through December 31, 2001.

**WASHINGTON COUNTY PUBLIC LIBRARY
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2001
(Continued)**

7. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

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

The Library also provides health insurance and vision coverage to full-time employees through a private carrier.

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

Washington County Public Library
Washington County
615 Fifth Street
Marietta, Ohio 45750

To the Board of Trustees:

We have audited the accompanying financial statement of the Washington County Public Library, Washington County, Ohio (the Library), as of and for the year ended December 31, 2001, and have issued our report thereon dated January 25, 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 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 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 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.

Washington County Public Library
Washington County
Report of Independent Accountants on Compliance and
on Internal Control Required by *Government Auditing Standards*
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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

January 25, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WASHINGTON COUNTY PUBLIC LIBRARY

WASHINGTON 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
FEBRUARY 26, 2002**