



**Auditor of State
Betty Montgomery**

**ADAMS COUNTY PUBLIC LIBRARY
ADAMS COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Adams County Public Library
Adams County
157 High Street
Peebles, Ohio 45660

To the Board of Trustees:

We have audited the accompanying financial statements of the Adams County Public Library, Adams County, Ohio (the Library), as of and for the years ended December 31, 2002 and 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 balance and reserve for encumbrances of the Library as of December 31, 2002 and 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 June 27, 2003 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 Section 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

June 27, 2003

**ADAMS COUNTY PUBLIC LIBRARY
ADAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Other Government Grants-In-Aid	\$995,853	\$0	\$995,853
Intergovernmental	2,000	15,000	17,000
Patron Fines and Fees	35,619		35,619
Earnings on Investments	23,685		23,685
Contributions, Gifts and Donations	2,846		2,846
Miscellaneous Receipts	30,251		30,251
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	1,090,254	15,000	1,105,254
Cash Disbursements:			
Current:			
Salaries and Benefits	556,789		556,789
Purchased and Contracted Services	138,071		138,071
Library Materials and Information	126,952		126,952
Supplies	31,732	371	32,103
Other Objects	3,113		3,113
Capital Outlay	20,118	19,629	39,747
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	876,775	20,000	896,775
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	213,479	(5,000)	208,479
Other Financing Receipts/(Disbursements):			
Transfers- In		5,000	5,000
Transfers-Out	(5,000)		(5,000)
Other Financing Sources	42		42
Other Financing Uses	(10)		(10)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(4,968)	5,000	32
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	208,511	0	208,511
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	320,911	620,000	940,911
Fund Cash Balances, December 31	<hr/> \$529,422	<hr/> \$620,000	<hr/> \$1,149,422
Reserves for Encumbrances, December 31	<hr/>	<hr/>	<hr/>
	\$28,773	\$0	\$28,773

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

**ADAMS COUNTY PUBLIC LIBRARY
ADAMS 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>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Other Government Grants-In-Aid	\$1,079,725	\$0	\$1,079,725
Patron Fines and Fees	32,147		32,147
Earnings on Investments	35,471		35,471
Contributions, Gifts and Donations	75,129		75,129
Miscellaneous Receipts	9,958		9,958
	<u>1,232,430</u>	<u>0</u>	<u>1,232,430</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	535,174		535,174
Supplies	29,612		29,612
Purchased and Contracted Services	175,978		175,978
Library Materials and Information	136,612		136,612
Other Objects	2,804		2,804
Capital Outlay	88,400		88,400
	<u>968,580</u>	<u>0</u>	<u>968,580</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>263,850</u>	<u>0</u>	<u>263,850</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		620,000	620,000
Transfers-Out	(620,000)		(620,000)
	<u>(620,000)</u>	<u>620,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(356,150)	620,000	263,850
Fund Cash Balances, January 1	<u>677,061</u>	<u>0</u>	<u>677,061</u>
Fund Cash Balances, December 31	<u>\$320,911</u>	<u>\$620,000</u>	<u>\$940,911</u>
Reserves for Encumbrances, December 31	<u>\$22,280</u>	<u>\$0</u>	<u>\$22,280</u>

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

**ADAMS COUNTY PUBLIC LIBRARY
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Adams County Public Library, Adams County, Ohio (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 Adams County/Ohio Valley School District Board of Education. The Library provides the community with various educational and literary resources.

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. The investment in STAR Ohio (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. 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 has established funds for future building and improvements, including furniture and equipment which has been funded by transfers from the General Fund.

**ADAMS COUNTY PUBLIC LIBRARY
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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 may not exceed appropriations at the fund, function, and object level of control.

A summary of 2002 and 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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation leave, however, employees are not entitled to payments for unused sick 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:

	2002	2001
Demand Deposits (includes change funds)	\$89,994	\$38,865
Money Market Deposits	\$509,001	\$0
Total deposits	\$598,995	\$38,865
 STAR Ohio	 550,427	 902,046
Total investments	550,427	902,046
Total deposits and investments	\$1,149,422	\$940,911

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

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

**ADAMS COUNTY PUBLIC LIBRARY
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,418,048	\$910,558	\$507,490
Capital Projects	640,000	20,000	620,000
Total	\$2,058,048	\$930,558	\$1,127,490

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,763,926	\$1,610,860	\$153,066

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 Public Employees Retirement System of Ohio (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 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 for 2002 and 2001. The Library has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

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**Auditor of State
Betty Montgomery**

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

Adams County Public Library
Adams County
157 High Street
Peebles, Ohio 45660

To the Board of Trustees:

We have audited the accompanying financial statements of the Adams County Public Library, Adams County, Ohio (the Library), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 27, 2003. 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 June 27, 2003.

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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated June 27, 2003.

This report is intended solely for the information and use of management and 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

June 27, 2003

**ADAMS COUNTY PUBLIC LIBRARY
ADAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-00401-001	Purchase Orders	No	Finding no longer valid due to change in the Ohio Administrative Code for Libraries.



**Auditor of State
Betty Montgomery**

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ADAMS COUNTY PUBLIC LIBRARY

ADAMS 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
AUGUST 7, 2003**