



**Auditor of State
Betty Montgomery**

GARNET A. WILSON PUBLIC LIBRARY
PIKE COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Garnet A. Wilson Public Library
Pike County
207 North Market Street
Waverly, Ohio 45690

To the Board of Trustees:

We have audited the accompanying financial statements of the Garnet A. Wilson Public Library, Pike 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 balances and reserves for encumbrances of the Garnet A. Wilson Public Library, Pike County, 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 May 30, 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.

Garnet A. Wilson Public Library
Pike County
Independent Accountants' Report
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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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 30, 2003

**GARNET A. WILSON PUBLIC LIBRARY
PIKE COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Library and Local Government Support	\$967,074	\$	\$967,074
Patron Fines and Fees	25,195		25,195
Earnings on Investments	12,514		12,514
Contributions, Gifts and Donations	5,205		5,205
Miscellaneous Receipts	44,506		44,506
Total Cash Receipts	<u>1,054,494</u>	<u>0</u>	<u>1,054,494</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	627,309		627,309
Supplies	22,801		22,801
Purchased and Contracted Services	106,132		106,132
Library Information and Material	158,941		158,941
Other Objects	5,811		5,811
Debt Service:			
Redemption of Principal	12,943		12,943
Interest and Other Fiscal Charges	1,875		1,875
Capital Outlay	69,365	303,823	373,188
Total Cash Disbursements	<u>1,005,177</u>	<u>303,823</u>	<u>1,309,000</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>49,317</u>	<u>(303,823)</u>	<u>(254,506)</u>
Other Financing Receipts/(Disbursements):			
Proceeds of Notes		250,000	250,000
Transfers-In		230,000	230,000
Transfers-Out	(230,000)		(230,000)
Total Other Financing Receipts/(Disbursements)	<u>(230,000)</u>	<u>480,000</u>	<u>250,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(180,683)</u>	<u>176,177</u>	<u>(4,506)</u>
Fund Cash Balances, January 1	<u>264,268</u>	<u>350,000</u>	<u>614,268</u>
Fund Cash Balances, December 31	<u>\$83,585</u>	<u>\$526,177</u>	<u>\$609,762</u>
Reserves for Encumbrances, December 31	<u>\$2,850</u>	<u>\$43,429</u>	<u>\$46,279</u>

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

**GARNET A. WILSON LIBRARY
PIKE COUNTY**

**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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Library and Local Government Support	\$1,048,520	\$	\$1,048,520
Patron Fines and Fees	23,120		23,120
Earnings on Investments	24,932		24,932
Contributions, Gifts and Donations	3,261		3,261
Miscellaneous Receipts	92,770		92,770
Total Cash Receipts	<u>1,192,603</u>	<u>0</u>	<u>1,192,603</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	596,306		596,306
Supplies	40,782		40,782
Purchased and Contracted Services	100,234		100,234
Library Material and Information	161,515		161,515
Other Objects	5,358		5,358
Capital Outlay	124,138		124,138
Total Cash Disbursements	<u>1,028,333</u>	<u>0</u>	<u>1,028,333</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>164,270</u>	<u>0</u>	<u>164,270</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		50,000	50,000
Transfers-Out	(50,000)		(50,000)
Total Other Financing Receipts/(Disbursements)	<u>(50,000)</u>	<u>50,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	114,270	50,000	164,270
Fund Cash Balances, January 1	149,998	300,000	449,998
Fund Cash Balances, December 31	<u>\$264,268</u>	<u>\$350,000</u>	<u>\$614,268</u>
Reserves for Encumbrances, December 31	<u>\$11,863</u>	<u>\$0</u>	<u>\$11,863</u>

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

**GARNET A. WILSON PUBLIC LIBRARY
PIKE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Garnet A. Wilson Public Library, Pike 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 Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Pike County Common Pleas Judge. The Library provides the community with various educational and literary resources. The Library is involved with the Ohio Valley Area Libraries which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 7.

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.

Certificates of deposit are valued at cost. 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. Capital Project Fund

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:

Western Branch Library Fund – This fund receives money for the construction of a branch library.

**GARNET A. WILSON PUBLIC LIBRARY
PIKE 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 expenditures (that is, disbursements and encumbrances) 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 Vacation and Personal Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused 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	\$82,010	\$67,840
Certificates of deposit	100,000	200,000
Total deposits	\$182,010	\$267,840
STAROhio		
Total investments	427,752	346,428
Total deposits and investments	\$609,762	\$614,268

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Library.

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

**GARNET A. WILSON PUBLIC LIBRARY
PIKE 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	\$1,067,176	\$1,238,027	(\$170,851)
Capital Projects	350,000	347,252	2,748
Total	\$1,417,176	\$1,585,279	(\$168,103)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,109,920	\$1,090,196	\$19,724
Capital Projects	350,000	0	350,000
Total	\$1,459,920	\$1,090,196	\$369,724

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 Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. OPERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees.

Contribution rates are prescribed by the Ohio Revised Code. The Library's OPERS members contributed 8.5% of their gross salaries. For 2002 and 2001, the Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 2002.

**GARNET A. WILSON PUBLIC LIBRARY
PIKE COUNTY**

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

6. RISK MANAGEMENT

Commercial Insurance

The Garnet A. Wilson Public Library has obtained commercial insurance for the following risks:

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

The Library provides health insurance to all employees through a private carrier. The Library also provides life, dental and vision insurance to all full-time employees through a private carrier.

7. JOINTLY GOVERNED ORGANIZATION

The Ohio Valley Area Libraries (OVAL) is an area Library service organization created and governed according to the provisions of Section 3375.70 through 3375.73, Revised Code. OVAL is composed of autonomous public Libraries in the Ohio Counties of Athens, Hocking, Jackson, Lawrence, Meigs, Pike, Ross, Scioto, and Vinton. OVAL's Board of Trustees consists of the Library Director from each of the member Libraries. The Garnet A. Wilson Public Library's control over budgeting and financing of OVAL is limited to its voting authority and its representation on OVAL's Board of Trustees.

8. RELATED PARTY TRANSACTION

The Library pays an annual fee as well as service fees to the Ohio Valley Area Libraries (OVAL), a jointly governed organization, of which the Library is a member. The Library paid \$5,064 to OVAL during the period of January 1, 2001 to December 31, 2002. The Library paid dues of \$675 and fees of \$4,389.

9. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
General Obligation Note	\$237,072	4.25%
Total	\$237,072	

The general obligation note was for operating capital to build a new branch library. The original note was for \$250,015. The note is collateralized solely by the Library's taxing authority. The note renews each year at maturity, and the note has two renewals remaining as of December 31, 2002.

10. CONTRACTUAL COMMITMENTS

	Contract Amount	Amount Expended	Balance at 12/31/02
Dain Lyon	\$260,312	\$223,400	\$36,912
Mechanical Construction	\$34,500	\$0	\$34,500
S & S Electric	\$38,268	\$15,930	\$22,338
Wright Construction	\$35,068	\$25,401	\$9,667



**Auditor of State
Betty Montgomery**

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

Garnet A. Wilson Public Library
Pike County
207 North Market Street
Waverly, Ohio 45690

To the Board of Trustees:

We have audited the accompanying financial statements of Garnet A. Wilson Public Library, Pike County, Ohio (the Library), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 30, 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 May 30, 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.

Garnet A. Wilson Public Library
Pike County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 30, 2003



**Auditor of State
Betty Montgomery**

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GARNET A. WILSON PUBLIC LIBRARY

PIKE 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
JULY 29, 2003**