



**Auditor of State  
Betty Montgomery**



**NELSONVILLE PUBLIC LIBRARY  
ATHENS COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2002.....	4
Notes to the Financial Statements .....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9
Schedule of Prior Audit Findings.....	11

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Nelsonville Public Library  
Athens County  
95 West Washington Street  
Nelsonville, Ohio 45764

To the Board of Trustees:

We have audited the accompanying financial statements of the Nelsonville Public Library, Athens 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 of the Nelsonville Public Library, Athens 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 April 23, 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, 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.

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

**Betty Montgomery**  
Auditor of State

April 23, 2003

**NELSONVILLE PUBLIC LIBRARY  
ATHENS 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>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Government Grants-In-Aid	\$ 2,205,880	\$ 3,000	\$	\$ 2,208,880
Patron Fines and Fees	29,885			29,885
Earnings on Investments	34,539			34,539
Contributions, Gifts and Donations	4,466		111,360	115,826
Miscellaneous Receipts	5,135			5,135
	<u>2,279,905</u>	<u>3,000</u>	<u>111,360</u>	<u>2,394,265</u>
<b>Total Cash Receipts</b>				
	<u>2,279,905</u>	<u>3,000</u>	<u>111,360</u>	<u>2,394,265</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	1,486,934			1,486,934
Supplies	54,082	12,857		66,939
Purchased and Contracted Services	190,407		58,816	249,223
Library Materials and Information	488,642			488,642
Other	6,512			6,512
Capital Outlay	64,513	10,807	14,490	89,810
	<u>2,291,090</u>	<u>23,664</u>	<u>73,306</u>	<u>2,388,060</u>
<b>Total Cash Disbursements</b>				
	<u>2,291,090</u>	<u>23,664</u>	<u>73,306</u>	<u>2,388,060</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>(11,185)</u>	<u>(20,664)</u>	<u>38,054</u>	<u>6,205</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In			75,000	75,000
Transfers-Out	(75,000)			(75,000)
	<u>(75,000)</u>			<u>(75,000)</u>
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(75,000)</u>	<u>0</u>	<u>75,000</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(86,185)</u>	<u>(20,664)</u>	<u>113,054</u>	<u>6,205</u>
<b>Fund Cash Balances, January 1</b>	<u>186,761</u>	<u>23,664</u>	<u>796,938</u>	<u>1,007,363</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 100,576</u></u>	<u><u>\$ 3,000</u></u>	<u><u>\$ 909,992</u></u>	<u><u>\$ 1,013,568</u></u>

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

**NELSONVILLE PUBLIC LIBRARY  
ATHENS 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Government Grants-In-Aid	\$ 2,391,934	\$ 1,000	\$	\$ 2,392,934
Patron Fines and Fees	27,493			27,493
Earnings on Investments	49,434			49,434
Contributions, Gifts and Donations	5,743	158,274	600	164,617
Miscellaneous Receipts	9,096			9,096
	<u>2,483,700</u>	<u>159,274</u>	<u>600</u>	<u>2,643,574</u>
<b>Total Cash Receipts</b>				
	<u>2,483,700</u>	<u>159,274</u>	<u>600</u>	<u>2,643,574</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	1,432,244			1,432,244
Supplies	53,992	5,179		59,171
Purchased and Contracted Services	209,758		49,840	259,598
Library Materials and Information	472,127			472,127
Other	6,240			6,240
Capital Outlay	77,968	130,431		208,399
	<u>2,252,329</u>	<u>135,610</u>	<u>49,840</u>	<u>2,437,779</u>
<b>Total Cash Disbursements</b>				
	<u>2,252,329</u>	<u>135,610</u>	<u>49,840</u>	<u>2,437,779</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>231,371</u>	<u>23,664</u>	<u>(49,240)</u>	<u>205,795</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In			194,636	194,636
Transfers-Out	(194,636)			(194,636)
	<u>(194,636)</u>		<u>194,636</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
	<u>(194,636)</u>	<u>0</u>	<u>194,636</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>36,735</u>	<u>23,664</u>	<u>145,396</u>	<u>205,795</u>
<b>Fund Cash Balances, January 1</b>	<u>150,026</u>		<u>651,542</u>	<u>801,568</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 186,761</u></u>	<u><u>\$ 23,664</u></u>	<u><u>\$ 796,938</u></u>	<u><u>\$ 1,007,363</u></u>

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



**NELSONVILLE PUBLIC LIBRARY  
ATHENS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Nelsonville Public Library, Athens 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 the State of Ohio. The Library is directed by a seven-member Board of Trustees, appointed by the Nelsonville-York City School District Board of Education. The Library provides library services to all residents of Athens County through branch locations

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**

Certificates of deposit are valued at cost. The purchase of investments is not recorded as a disbursement, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**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 Fund**

This fund is 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:

*Grant Fund* – This fund receives grants to assist the Library in purchasing computers and additional library aids.

**NELSONVILLE PUBLIC LIBRARY  
ATHENS COUNTY**

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

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

**D. Fund Accounting (Continued)**

**3. Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following significant Capital Projects Fund:

*Property Improvement Fund* – This fund receives transfers of funds from the General Fund. This is to be used to pay for library building improvements.

**E. Budgetary Process**

The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 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**

The Library maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>2002</u>	<u>2001</u>
Demand deposits	\$ 113,541	\$ 107,336
Certificates of Deposit	900,000	900,000
Petty Cash	27	27
Total deposits	<u>\$ 1,013,568</u>	<u>\$1,007,363</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.

**NELSONVILLE PUBLIC LIBRARY  
ATHENS 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	\$ 2,457,614	\$ 2,366,090	\$ 91,524
Special Revenue	23,664	23,664	0
Capital Projects	250,000	73,306	176,694
Total	\$ 2,731,278	\$ 2,463,060	\$ 268,218

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,614,934	\$ 2,446,965	\$ 167,969
Special Revenue	158,274	135,610	22,664
Capital Projects	649,407	49,840	599,567
Total	\$ 3,422,615	\$ 2,632,415	\$ 790,200

**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. RETIREMENT SYSTEM**

The Library's elected officials and 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 2002 and 2001, members of 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 employer contributions required through December 31, 2002.

**NELSONVILLE PUBLIC LIBRARY  
ATHENS COUNTY**

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

**6. 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 dental coverage to full-time employees through a private carrier.



**Auditor of State  
Betty Montgomery**

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

Nelsonville Public Library  
Athens County  
95 West Washington Street  
Nelsonville, Ohio 45764

To the Board of Trustees:

We have audited the accompanying financial statements of the Nelsonville Public Library, Athens County, Ohio (the Library), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 23, 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 certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated April 23, 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 April 23, 2003.

Nelsonville Public Library  
Athens 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

April 23, 2003

**NELSONVILLE PUBLIC LIBRARY  
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED 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; <b><i>Explain:</i></b>
2000-00705-001	A finding for recovery was issued in the prior audit against a contractor for payments made in excess of contract amounts. The finding was repaid on March 15, 2001.	Yes	N/A







**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**NELSONVILLE PUBLIC LIBRARY**

**ATHENS 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  
MAY 27, 2003**