



**Auditor of State
Betty Montgomery**

MEIGS COUNTY DISTRICT PUBLIC LIBRARY
MEIGS COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Meigs County District Public Library
Meigs County
216 West Main Street
Pomeroy, Ohio 45769

To the Board of Trustees:

We have audited the accompanying financial statements of the Meigs County District Public Library, Meigs County, Ohio (the Library), as of and for the years ended December 31, 2003 and 2002. 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.

The Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

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 Meigs County District Public Library, Meigs County, as of December 31, 2003 and 2002, 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 19, 2004 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 § 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

March 19, 2004

**MEIGS COUNTY DISTRICT PUBLIC LIBRARY
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Government Grants-In-Aid	\$ 863,828	\$	\$ 863,828
Patron Fines and Fees	16,118		16,118
Earnings on Investments	9,249	374	9,623
Contributions, Gifts and Donations	744		744
Miscellaneous Receipts	16,826		16,826
	<u>906,765</u>	<u>374</u>	<u>907,139</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries and Benefits	539,402		539,402
Purchased and Contracted Services	97,835	28,380	126,215
Library Materials and Information	101,537		101,537
Supplies	12,277		12,277
Other Objects	3,432		3,432
Capital Outlay	21,868	176,573	198,441
	<u>776,351</u>	<u>204,953</u>	<u>981,304</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>130,414</u>	<u>(204,579)</u>	<u>(74,165)</u>
Other Financing Receipts/(Disbursements):			
Proceeds from Sales of Property	15,978		15,978
Transfers-In		100,000	100,000
Transfers-Out	(100,000)		(100,000)
	<u>(84,022)</u>	<u>100,000</u>	<u>15,978</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	46,392	(104,579)	(58,187)
Fund Cash Balances, January 1	<u>172,046</u>	<u>580,494</u>	<u>752,540</u>
Fund Cash Balances, December 31	<u>\$218,438</u>	<u>\$475,915</u>	<u>\$694,353</u>

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

**MEIGS COUNTY DISTRICT PUBLIC LIBRARY
MEIGS 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>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Government Grants-In-Aid	\$ 872,885	\$	\$	\$ 872,885
Patron Fines and Fees	13,954			13,954
Earnings on Investments	23,917		267	24,184
Contributions, Gifts and Donations	1,153			1,153
Miscellaneous Receipts	5,081			5,081
	<hr/>			<hr/>
Total Cash Receipts	916,990	0	267	917,257
	<hr/>			<hr/>
Cash Disbursements:				
Current:				
Salaries and Benefits	527,952			527,952
Purchased and Contracted Services	93,826		32,891	126,717
Library Materials and Information	130,792			130,792
Supplies	11,962			11,962
Other Objects	4,916			4,916
Capital Outlay	7,382	1,314	610,743	619,439
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	776,830	1,314	643,634	1,421,778
	<hr/>			<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	140,160	(1,314)	(643,367)	(504,521)
	<hr/>			<hr/>
Other Financing Receipts/(Disbursements):				
Transfers-In			100,000	100,000
Transfers-Out	(100,000)			(100,000)
	<hr/>			<hr/>
Total Other Financing Receipts/(Disbursements)	(100,000)	0	100,000	0
	<hr/>			<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	40,160	(1,314)	(543,367)	(504,521)
	<hr/>			<hr/>
Fund Cash Balances, January 1	131,886	1,314	1,123,861	1,257,061
	<hr/>			<hr/>
Fund Cash Balances, December 31	<u>\$172,046</u>	<u>\$0</u>	<u>\$580,494</u>	<u>\$752,540</u>

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

**MEIGS COUNTY DISTRICT PUBLIC LIBRARY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Meigs County District Public Library, Meigs 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. Four members are appointed by the Meigs County Commissioners and three members are appointed by the Meigs County Common Pleas Judge. 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

Certificates of deposit are valued at cost. STAROhio funds are recorded at share values reported by the mutual fund.

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 trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

Gates Foundation Grant Fund – This fund received grant monies for the expansion of public access to computers and the internet.

**MEIGS COUNTY DISTRICT PUBLIC LIBRARY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(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 (except those financed through enterprise or trust funds). The Library had the following significant Capital Project Fund:

Building Fund – This fund receives monies for the renovation of the Library Building.

E. Budgetary Process

The Board 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 2003 and 2002 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 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:

	2003	2002
Demand deposits	\$115,728	\$180,753
Certificates of deposit	256,062	252,772
Total deposits	371,790	433,525
STAROhio	322,563	319,015
Total investments	322,563	319,015
Total deposits and investments	\$694,353	\$752,540

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Library, or (3) 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.

**MEIGS COUNTY DISTRICT PUBLIC LIBRARY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$904,177	\$922,743	\$18,566
Capital Projects	0	100,374	100,374
Total	\$904,177	\$1,023,117	\$118,940

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$856,686	\$876,351	(\$19,665)
Capital Projects	520,698	204,953	315,745
Total	\$1,377,384	\$1,081,304	\$296,080

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$918,985	\$916,990	(\$1,995)
Special Revenue	0	0	0
Capital Projects	0	100,267	100,267
Total	\$918,985	\$1,017,257	\$98,272

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$912,726	\$876,830	\$35,896
Special Revenue	1,314	1,314	0
Capital Projects	1,123,860	643,634	480,226
Total	\$2,037,900	\$1,521,778	\$516,122

Contrary to Ohio Admin. Code 117-8-02, expenditures exceeded appropriations at the fund level in the General Fund by \$19,665 at December 31, 2003 and at the legal level of control for various line items throughout the years ended December 31, 2003 and 2002.

4. GRANTS-IN-AID AND TAX RECEIPTS

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.

**MEIGS COUNTY DISTRICT PUBLIC LIBRARY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

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 2003 and 2002. The Library has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Commercial Insurance

The Meigs County District Public Library has obtained commercial insurance for the following risks:

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



**Auditor of State
Betty Montgomery**

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

Meigs County District Public Library
Meigs County
216 West Main Street
Pomeroy, Ohio 45769

To the Board of Trustees:

We have audited the accompanying financial statements of the Meigs County District Public Library, Meigs County, Ohio (the Library), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated March 19, 2004, wherein we noted that the Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2003-001.

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 March 19, 2004.

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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

March 19, 2004

**MEIGS COUNTY DISTRICT PUBLIC LIBRARY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Admin. Code 117-8-02 requires that expenditures plus encumbrances not exceed appropriation amounts at the legal level of control as approved by the Board of Trustees:

Expenditures plus encumbrances exceeded appropriations in 2003 throughout the year and at year end as follows:

Account	<u>Appropriations</u>	<u>Expenditures plus Encumbrances</u>	<u>Variance</u>
<u>At April 27, 2003:</u>			
1000-100-291-0000	\$	\$110	(\$110)
1000-100-363-1111	3,200	3,713	(513)
<u>At July 27, 2003:</u>			
1000-100-225-0000	1,081	1,371	(290)
1000-100-291-0000		110	(110)
1000-100-363-1111	3,200	4,003	(803)
<u>At December 31, 2003:</u>			
1000-100-225-0000	1,081	1,371	(290)
1000-100-291-0000		110	(110)
1000-100-292-0000	3,900	3,965	(65)
1000-100-325-0000	3,000	3,356	(356)
1000-100-372-0000	1,800	2,316	(516)
1000-100-419-0000		56	(56)
1000-760-750-0000	6,184	21,868	(15,684)
1000-910-910-0000		100,000	(100,000)

**MEIGS COUNTY DISTRICT PUBLIC LIBRARY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2003-001
(Continued)**

Expenditures plus encumbrances exceeded appropriations in 2002 throughout the year and at year end as follows:

Account	Appropriations	Expenditures plus Encumbrances	Variance
<u>At March 24, 2002:</u>			
1000-100-291-0000	\$	\$2,852	(\$2,852)
2000-760-750-0000		1,314	(1,314)
<u>At June 23, 2002:</u>			
1000-100-291-0000		329	(329)
1000-100-520-0000	1,000	1,401	(401)
<u>At December 31, 2002:</u>			
1000-100-291-0000	329	814	(485)
1000-100-312-0000	2,000	2,742	(742)
1000-100-321-9999	1,500	1,516	(16)
1000-100-341-0000	8,500	9,811	(1,311)
1000-100-362-1111	600	690	(90)
1000-100-412-1111	3,700	14,409	(10,709)
1000-100-412-3333	1,700	1,702	(2)
1000-910-910-0000		100,000	(100,000)

As a result of the above variances, expenditures exceeded appropriations at the fund level in the General Fund by \$19,665 at December 31, 2003. This could have resulted in deficit spending.

We recommend appropriations be modified, with Board of Trustee approval, prior to obligations being incurred.

**MEIGS COUNTY DISTRICT PUBLIC LIBRARY
MEIGS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-00753-001	Expenditures exceeded appropriations in the General Fund for the year ended December 31, 2000.	No	Not corrected, see Finding 2003-001 in the Schedule of Findings.



**Auditor of State
Betty Montgomery**

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MEIGS COUNTY DISTRICT PUBLIC LIBRARY

MEIGS 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 27, 2004**