



**Auditor of State  
Betty Montgomery**



HERBERT WESCOAT MEMORIAL LIBRARY  
VINTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
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, 2001.....	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 Findings.....	11

**This page intentionally left blank.**



**Auditor of State  
Betty D. Montgomery**

743 East State Street  
Athens Mall Suite B  
Athens, Ohio 45701  
Telephone 740-594-3300  
800-441-1389  
Facsimile 740-594-2110  
www.auditor.state.oh.us

## **REPORT OF INDEPENDENT ACCOUNTANTS**

Herbert Wescoat Memorial Library  
Vinton County  
120 North Market Street  
McArthur, Ohio 45651

To the Board of Trustees:

We have audited the accompanying financial statements of the Herbert Wescoat Memorial Library, Vinton 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 Herbert Wescoat Memorial Library, Vinton 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 January 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.

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

January 30, 2003

**HERBERT WESCOAT MEMORIAL LIBRARY  
VINTON 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>Capital Projects</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$467,883	\$	\$467,883
Other Government Grants-In-Aid	3,601		3,601
Patron Fines and Fees	9,130		9,130
Earnings on Investments	46,797		46,797
Contributions, Gifts and Donations	26,678		26,678
Miscellaneous Receipts	953		953
	<hr/>		<hr/>
Total Cash Receipts	555,042	0	555,042
	<hr/>		<hr/>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	255,597		255,597
Supplies	16,658		16,658
Purchased and Contracted Services	56,430		56,430
Library Materials & Information	67,107		67,107
Other Objects	1,175		1,175
Capital Outlay	69,121	11,626	80,747
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	466,088	11,626	477,714
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	88,954	(11,626)	77,328
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		170,000	170,000
Transfers-Out	(170,000)		(170,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(170,000)	170,000	0
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(81,046)	158,374	77,328
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	251,513	903,628	1,155,141
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$170,467</u></b>	<b><u>\$1,062,002</u></b>	<b><u>\$1,232,469</u></b>

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

**HERBERT WESCOAT MEMORIAL LIBRARY  
VINTON 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$509,235	\$	\$509,235
Patron Fines and Fees	10,491		10,491
Earnings on Investments	60,167		60,167
Contributions, Gifts and Donations	21,353		21,353
Miscellaneous Receipts	1,506		1,506
	<u>602,752</u>		<u>602,752</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	213,134		213,134
Supplies	13,202		13,202
Purchased and Contracted Services	55,820		55,820
Library Materials & Information	69,539		69,539
Other Objects	1,145		1,145
Capital Outlay	66,202	6,755	72,957
	<u>419,042</u>	<u>6,755</u>	<u>425,797</u>
Total Cash Disbursements	<u>419,042</u>	<u>6,755</u>	<u>425,797</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>183,710</u>	<u>(6,755)</u>	<u>176,955</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		315,000	315,000
Transfers-Out	(315,000)		(315,000)
	<u>(315,000)</u>	<u>315,000</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)	<u>(315,000)</u>	<u>315,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(131,290)	308,245	176,955
Fund Cash Balances, January 1	<u>382,803</u>	<u>595,383</u>	<u>978,186</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$251,513</u></b>	<b><u>\$903,628</u></b>	<b><u>\$1,155,141</u></b>



**HERBERT WESCOAT MEMORIAL LIBRARY  
VINTON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Herbert Wescoat Memorial Library, Vinton 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. Three Trustees are appointed by the Vinton County Court of Common Pleas and four Trustees are appointed by the Vinton County Commissioners. The Library provides the community with various educational and literary resources. The Library is involved with the Ohio Valley Area Library which is defined as a jointly governed organization. Additional information regarding the jointly governed organization is presented in Note 6.

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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash**

Certificates of deposit are valued at cost.

**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 had the following significant Capital Project Fund:

Building Fund – The revenue for this fund is transfers from the General Fund to be used for future building improvements.

**HERBERT WESCOAT MEMORIAL LIBRARY  
VINTON 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. Appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund, function 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 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	\$132,469	\$155,141
Certificates of deposit	1,100,000	1,000,000
Total deposits	\$1,232,469	\$1,155,141

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

**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	\$595,000	\$636,088	(\$41,088)
Capital Projects	300,000	11,626	288,374
Total	\$895,000	\$647,714	\$247,286

**HERBERT WESCOAT MEMORIAL LIBRARY  
VINTON COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$575,000	\$734,042	(\$159,042)
Capital Projects	300,000	6,755	293,245
Total	\$875,000	\$740,797	\$134,203

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority at the fund level in the General Fund by \$41,088 for the year ended December 31, 2002 and by \$159,042 for the year ended December 31, 2001. Also, budgetary expenditures exceeded appropriation authority at the legal level of control in the General Fund by \$170,000 for the year ended December 31, 2002 and by \$315,000 for the year ended December 31, 2001.

**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.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

**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.

**HERBERT WESCOAT MEMORIAL LIBRARY  
VINTON COUNTY**

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

**5. RETIREMENT SYSTEM (Continued)**

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. JOINTLY GOVERNED ORGANIZATION**

The Ohio Valley Area Libraries (OVAL) is an area library service organization created and governed according to the provisions of Sections 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 consist of one Trustee from each of the member libraries. The Herbert Wescoat Memorial Library's control over budgeting and financing of OVAL is limited to its voting authority and its representation on OVAL's Board of Trustees.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Herbert Wescoat Memorial Library has obtained commercial insurance for the following risks:

- Comprehensive property;
- General liability;
- Vehicles;
- Inland Marine;
- Crime;
- Umbrella; and
- Errors and omissions.

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



**Auditor of State  
Betty D. Montgomery**

743 East State Street  
Athens Mall Suite B  
Athens, Ohio 45701  
Telephone 740-594-3300  
800-441-1389  
Facsimile 740-594-2110  
www.auditor.state.oh.us

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

Herbert Wescoat Memorial Library  
Vinton County  
120 North Market Street  
McArthur, Ohio 45651

To the Board of Trustees:

We have audited the accompanying financial statements of the Herbert Wescoat Memorial Library, Vinton County, Ohio (the Library), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated January 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 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 2002-00782-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated January 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. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated January 30, 2003.

Herbert Wescoat Memorial Library  
Vinton 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

January 30, 2003

HERBERT WESCOAT MEMORIAL LIBRARY  
VINTON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2002-00782-001

**Noncompliance Citation**

Ohio Admin. Code Section 117-8-02 states the library's legislative body shall adopt appropriation measures. These measures establish the legal level of control. The legal level of control is the level (e.g., fund, program or function, department, object level) at which spending in excess of budgeted amounts would be a violation of law. This is established by the level at which the legislative body appropriates.

The Library's Board of Trustees adopted appropriation measures for 2002 and 2001 at the fund, function level of control. However, transfers out were not included in the appropriation measure for either year. Therefore, expenditures exceeded appropriations at December 31, 2002 and 2001 as follows:

<u>Date</u>	<u>Fund/Function</u>	<u>Appropriations</u>	<u>Disbursements</u>	<u>Variance</u>
12/31/2002	General Fund-Transfers Out	\$ 0	\$ 170,000	\$ (170,000)
12/31/2001	General Fund-Transfers Out	0	315,000	(315,000)

This also resulted in expenditures exceeding appropriations at the fund level in the General Fund by \$41,088 at December 31, 2002 and by \$159,042 at December 31, 2001.

We recommend the Board adopt appropriations for transfers out to ensure that expenditures do not exceed appropriations at the legal level of control.







**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

**HERBERT WESCOAT MEMORIAL LIBRARY**

**VINTON 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  
MARCH 18, 2003**