



**Auditor of State  
Betty Montgomery**



NEW CARLISLE PUBLIC LIBRARY  
CLARK COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

New Carlisle Public Library  
Clark County  
111 East Lake Avenue  
New Carlisle, Ohio 45344

To the Board of Trustees:

We have audited the accompanying financial statements of the New Carlisle Public Library, Clark County, (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.

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 fund cash balances of the Library as of December 31, 2003 and 2002, and its 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 10, 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, 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".

**Betty Montgomery**  
Auditor of State

June 10, 2004

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**NEW CARLISLE PUBLIC LIBRARY  
CLARK COUNTY**

**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>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Library and Local Government Support	\$543,920		\$543,920
Private Grants	12,004		12,004
Patron Fines and Fees	15,903		15,903
Earnings on Investments	1,448	2,519	3,967
Contributions, Gifts and Donations	3,190	4,078	7,268
Miscellaneous Receipts	1,282		1,282
	<u>577,747</u>	<u>6,597</u>	<u>584,344</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	342,033		342,033
Purchased and Contracted Services	71,758	458,594	530,352
Library Materials and Information	75,735		75,735
Supplies	24,617		24,617
Other	7,760		7,760
Capital Outlay	16,872		16,872
	<u>538,775</u>	<u>458,594</u>	<u>997,369</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>38,972</u>	<u>(451,997)</u>	<u>(413,025)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		240,000	240,000
Transfers-Out	(240,000)		(240,000)
	<u>(240,000)</u>	<u>240,000</u>	<u></u>
Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(201,028)	(211,997)	(413,025)
Fund Cash Balances, January 1	<u>244,073</u>	<u>262,946</u>	<u>507,019</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$43,045</u></u>	<u><u>\$50,949</u></u>	<u><u>\$93,994</u></u>

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

**NEW CARLISLE PUBLIC LIBRARY  
CLARK COUNTY**

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

	<b>Governmental Fund Types</b>		
	<b>General</b>	<b>Capital Projects</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Library and Local Government Support	\$572,151		\$572,151
Private Grants	25,000		25,000
Patron Fines and Fees	14,871		14,871
Earnings on Investments	4,607	12,503	17,110
Contributions, Gifts and Donations	2,517	1,531	4,048
Miscellaneous Receipts	1,619	1,165	2,784
<b>Total Cash Receipts</b>	<b>620,765</b>	<b>15,199</b>	<b>635,964</b>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	288,027		288,027
Purchased and Contracted Services	80,282	48,144	128,426
Library Materials and Information	93,385		93,385
Supplies	23,783		23,783
Other	9,310		9,310
Capital Outlay	7,170	264,403	271,573
<b>Total Cash Disbursements</b>	<b>501,957</b>	<b>312,547</b>	<b>814,504</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>118,808</b>	<b>(297,348)</b>	<b>(178,540)</b>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		245,788	245,788
Transfers-Out	(245,788)		(245,788)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(245,788)</b>	<b>245,788</b>	
<b>Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(126,980)</b>	<b>(51,560)</b>	<b>(178,540)</b>
<b>Fund Cash Balances, January 1</b>	<b>371,053</b>	<b>314,506</b>	<b>685,559</b>
<b>Fund Cash Balances, December 31</b>	<b>\$244,073</b>	<b>\$262,946</b>	<b>\$507,019</b>

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

**NEW CARLISLE PUBLIC LIBRARY  
CLARK COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The New Carlisle Public Library, Clark 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. The Library provides the community with various educational and literary resources.

The Library is a private, non-profit corporation operating as an association library in the state of Ohio. The Library's articles of incorporation were issued in 1933. The Library is funded primarily with public monies to provide free library services to the citizens of Clark County.

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 that is 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:

**Building and Repair Fund** - This fund receives interest and donation revenue and transfers for construction projects of the Library.

**NEW CARLISLE PUBLIC LIBRARY  
CLARK COUNTY**

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

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

**E. Budgetary Process**

Although not required by the Ohio Revised Code or by the by-laws, the Library budgets for each fund annually. The Board annually approves appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund and function 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, certain 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**

The Library maintains a cash pool used by all funds. The carrying amount of cash at December 31 follows:

	2003	2002
Demand deposits	\$93,994	\$334,714
Certificates of deposit	0	172,305
Total deposits	\$93,994	\$507,019

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

**3. BUDGETARY ACTIVITY**

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

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$589,332	\$778,775	(\$189,443)
Capital Projects	550,000	458,594	91,406
Total	\$1,139,332	\$1,237,369	(\$98,037)

**NEW CARLISLE PUBLIC LIBRARY  
CLARK COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$593,000	\$747,745	(\$154,745)
Capital Projects	325,000	312,547	12,453
Total	\$918,000	\$1,060,292	(\$142,292)

**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 proceeding 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. DEBT**

On March 12, 2003, the Board approved setting up a line of credit at New Carlisle Federal Bank for the purpose of securing additional funds needed to complete the undergoing construction project. On April 2, 2003 the Board authorized borrowing on the unsecured line of credit of \$150,000 for two years, at a floating prime rate with interest payable monthly on the outstanding balance. As of December 31, 2003 no balance was outstanding on this line of credit.

Additionally, the Library leased a telephone system on April 16, 2003 for a seven year period, with monthly payments of \$153.20 for the term of the lease. Additional monthly maintenance fees of \$43.60 will begin at the start of year six of the lease.

**NEW CARLISLE PUBLIC LIBRARY  
CLARK COUNTY**

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

**6. 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.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The New Carlisle Public Library has obtained commercial insurance for the following risks:

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

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

**8. CONTINGENT LIABILITIES**

Mechanics' Liens totaling \$77,126 were issued against the Library and its contractor, Solid Rock Enterprises, Inc., in 2003, by various subcontractors. Such liens were released in March 2004.



**Auditor of State  
Betty Montgomery**

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

New Carlisle Public Library  
Clark County  
111 East Lake Avenue  
New Carlisle, Ohio 45344

To the Board of Trustees:

We have audited the accompanying financial statements of the New Carlisle Public Library (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 10, 2004. 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 an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated June 10, 2004.

**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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Library's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2003-001 and 2003-002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses. We also 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 10, 2004.

This report is intended solely for the information and use of the audit committee, 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 10, 2004

**NEW CARLISLE PUBLIC LIBRARY  
CLARK COUNTY**

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

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

**FINDING NUMBER 2003-001**

**Cash Controls**

Certain deficiencies were noted in the Library's procedures regarding their cash. For adequate controls to be in place and operating effectively, the Library should address the following conditions:

- Interest received on a savings account during December 2002 was not posted until January 2003, which meant that only three quarters of interest earnings were posted for the year thereby understating the current fiscal year's interest received and year end fund balance. Interest should be posted as of the date the bank statement reflects it being available. This amount was posted to the audited financial statements.
- The December monthly financial reports presented to the Board reflected variances from the year end report presented to the State. The annual report presented to the State should agree to the December financial reports presented to the Board.
- The Library's finances, as a whole, were not maintained on one system. The general fund and some of the capital project fund financial information was maintained electronically, while the remainder of the capital project fund information was maintained manually. This could result in incomplete financial records and inaccurate fund balance. All financials should be maintained on one financial system, and be separated by fund numbers.
- The December 31, 2003, bank reconciliation for the New Carlisle Federal Building Fund Checking Account did not consider outstanding checks. Bank reconciliations should begin with the bank statement balance, add deposits in transit and other debit memos, and deduct outstanding checks and any other charges to provide for an accurate presentation of the Library's balances.

Implementing these procedures would assist the Board in attaining greater control over the Library's cash and improve the actual financial presentation.

**FINDING NUMBER 2003-002**

**Annual Reporting**

Transfers were noted in the Board minutes records and posted to the books, however none were presented on the year-end financial statements for 2003 or 2002. In addition, the year-end financial statements did not foot or tie to the prior year audited financial statements, which resulted in incomplete financial information being reported on the Library's year end report submitted to the State of Ohio. The Library should exercise greater care when preparing their year end financial reports.

**NEW CARLISLE PUBLIC LIBRARY  
CLARK 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><b>Explain:</b></i>
2001-00312-001	OAC Sec. 117-8-01 - Failure to account for activity by fund.	N/A	No longer valid.
2001-00312-002	ORC Sec. 135.18 - Failure to obtain security for repayment of public deposits.	N/A	No longer valid.
2001-00312-003	ORC Sec. 117.38 - Failure to file annual report timely.	N/A	No longer valid.
2001-00312-004	ORC Sec. 9.38 - Failure to deposit public funds in a timely manner.	N/A	No longer valid.
2001-00312-005	OAC Sec. 117-8-02: - Expenditures exceed appropriations.	N/A	No longer valid.
2001-00312-006	Failure of Board to properly approve transfers between funds.	Yes	
2001-00312-007	Failure to properly monitor monthly revenue.	Yes	
2001-00312-008	Failure to prepare complete, timely monthly bank reconciliations.	No	Partially Corrected.



**Auditor of State  
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**NEW CARLISLE PUBLIC LIBRARY**

**CLARK 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 27, 2004**