



**Auditor of State
Betty Montgomery**

**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Portsmouth Public Library
Scioto County
1220 Gallia Street
Portsmouth, Ohio 45662

To the Board of Trustees:

We have audited the accompanying financial statement of the Portsmouth Public Library, Scioto County, Ohio (the Library) as of and for the year ended December 31, 2003. This financial statement is the responsibility of the Library's management. Our responsibility is to express an opinion on this financial statement 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared this financial statement using accounting practices the Auditor of State prescribes or permits, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Portsmouth Public Library, Scioto County, as of December 31, 2003, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2005, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing 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

July 11, 2005

**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY**

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Other Government Grants-In-Aid	\$2,965,256	\$	\$	\$	\$	\$2,965,256
Patron Fines and Fees	66,697					66,697
Earnings on Investments	11,688				733	12,421
Contributions, Gifts and Donations	5,469					5,469
Miscellaneous Receipts	39,460					39,460
Total Cash Receipts	3,088,570	0	0	0	733	3,089,303
Cash Disbursements:						
Current:						
Salaries	1,366,654					1,366,654
Employee Fringe Benefits	407,373					407,373
Purchased and Contracted Services	402,343	1,188				403,531
Library Material and Information	390,402					390,402
Supplies	54,223					54,223
Other	8,279	2,935				11,214
Debt Service:						
Redemption of Principal			197,074			197,074
Interest Payments and Other Financing Fees and Costs			35,284			35,284
Capital Outlay	183,708			241,028		424,736
Total Cash Disbursements	2,812,982	4,123	232,358	241,028	0	3,290,491
Total Cash Receipts Over/(Under) Cash Disbursements	275,588	(4,123)	(232,358)	(241,028)	733	(201,188)
Other Financing Receipts/(Disbursements):						
Transfers-In			232,038			232,038
Transfers-Out	(232,038)					(232,038)
Total Other Financing Receipts/(Disbursements)	(232,038)	0	232,038	0	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	43,550	(4,123)	(320)	(241,028)	733	(201,188)
Fund Cash Balances, January 1	942,433	6,168	995	260,766	17,057	1,227,419
Fund Cash Balances, December 31	\$985,983	\$2,045	\$675	\$19,738	\$17,790	\$1,026,231
Reserves for Encumbrances, December 31	\$672,308	\$2,045	\$675	\$0	\$0	675,028

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

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**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Portsmouth Public Library, Scioto County (the Library), as a body corporate and politic. The Mayor of the City of Portsmouth appoints a six-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

The Library's management believes this financial statement presents all activities for which the Library is financially accountable.

B. Basis of Accounting

This financial statement follows the basis of accounting the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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).

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Library's accounting basis includes investments as assets. Accordingly, the Library does not record investment purchases as disbursements or investment sales as receipts. The Library records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library values the certificate of deposit at cost. Money market mutual funds (including STAROhio) are recorded at share values the mutual fund reports.

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 accounts for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds 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 Funds:

**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Theatre Works Fund – This fund received grant funding from the National Endowment for the Arts and the Ohio Arts Council. Funds were provided to support costs associated with a theater education and jobs programs for disadvantaged Appalachian youth.

Community Technology Fund – This fund received restricted donations from the Community Technology Fund of Ohio for the purchase of technology improvements of the Library.

3. Debt Service Funds

The Debt Service Fund accounts for resources the Library accumulates to pay note indebtedness. The Library had the following significant Debt Service Fund:

Debt Service Fund – The Library utilizes this fund to repay outstanding debt for the building renovation program.

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing 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 is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The Library used this fund to account for the construction and renovations of the Wheelersburg Branch building.

5. Fiduciary Funds (Trust Fund)

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the Library classifies the activity as a nonexpendable trust fund. The Library classifies other trust funds as expendable. The Library had the following significant Fiduciary Fund:

Besco Trust Fund – This fund received interest income from the corpus on deposit in a certificate of deposit. The funds are restricted to use for the provision of library services in the South Webster Branch.

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 2003 budgetary activity appears in Note 3.

**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2003
Demand deposits	\$292,821
Certificates of deposit	17,790
Total deposits	310,611
STAROhio	715,620
Total investments	715,620
Total deposits and investments	\$1,026,231

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2003 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,485,290	\$3,717,328	(\$232,038)
Special Revenue	2,935	6,168	(3,233)
Debt Service	233,032	233,033	(1)
Capital Projects	260,766	241,028	19,738
Fiduciary	0	0	0
Total	\$3,982,023	\$4,197,557	(\$215,534)

**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2003
(Continued)**

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 State allocates LLGSF 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 any additional revenues the Library receives.

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$406,670	6.81%

The Library had outstanding debt with Fifth-Third Bank for the renovation and improvement of the main library branch. The original note dated August 18, 1993 was for \$2,000,000 with monthly principal payments in the amount of \$16,423. The note is collateralized by the first lien on all real estate owned by the Library subject to a maximum of 75% advance against the appraised value. The note required the Library to establish a fund account with Fifth-Third Bank with a constant minimum balance of 25% of the outstanding loan balance. These funds are maintained in the regular cash account and are reflected in the General Fund.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Notes
2004	\$218,617
2005	205,197
2006	12,593
Total	\$436,407

6. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2003.

**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2003
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

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

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

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

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Portsmouth Public Library
Scioto County
1220 Gallia Street
Portsmouth, Ohio 45662

To the Board of Trustees:

We have audited the financial statement of the Portsmouth Public Library, Scioto County, Ohio (the Library), as of and for the year ended December 31, 2003, and have issued our report thereon dated July 11, 2005. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statement and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management and Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

July 11, 2005

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**Auditor of State
Betty Montgomery**

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**PORTSMOUTH PUBLIC LIBRARY
SCIOTO 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
AUGUST 16, 2005**