



**Auditor of State
Betty Montgomery**

CLERMONT COUNTY PUBLIC LIBRARY
CLERMONT COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Clermont County Public Library
Clermont County
326 Broadway Street
Batavia, OH 45103

To the Board of Trustees:

We have audited the accompanying financial statements of the Clermont County Public Library, Clermont 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 and reserves for encumbrances of the Library 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 June 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 management, 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

June 30, 2003

**CLERMONT COUNTY PUBLIC LIBRARY
CLERMONT 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>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Property and Other Local Taxes	\$1,236,194	\$0	\$0	\$0	\$1,236,194
Library and Local Government Support	5,979,998				5,979,998
Intergovernmental		79,136			79,136
Patrons, Fines and Fees	110,808				110,808
Earnings on Investments	120,155				120,155
Contributions, Gifts and Donations	2,897				2,897
Miscellaneous Receipts	21,016				21,016
Total Cash Receipts	7,471,068	79,136	0	0	7,550,204
Cash Disbursements:					
Current:					
Salaries and Benefits	4,003,384				4,003,384
Purchased and Contracted Services	897,345	1,294		27,743	926,382
Other Objects	1,268,108	2,294			1,270,402
Debt Service:					
Redemption of Principal			159,000		159,000
Interest Payments and Other Financing Fees and Costs			209,681		209,681
Capital Outlay	329,001	102,887		372,050	803,938
Total Cash Disbursements	6,497,838	106,475	368,681	399,793	7,372,787
Total Cash Receipts Over/(Under) Cash Disbursements	973,230	(27,339)	(368,681)	(399,793)	177,417
Other Financing Receipts/(Disbursements):					
Transfers-In		26,383	368,681	376,650	771,714
Transfers-Out	(771,714)				(771,714)
Total Other Financing Receipts/(Disbursements)	(771,714)	26,383	368,681	376,650	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	201,516	(956)	0	(23,143)	177,417
Fund Cash Balances, January 1	6,938,760	1,574	2,907	1,222,350	8,165,591
Fund Cash Balances, December 31	\$7,140,276	\$618	\$2,907	\$1,199,207	\$8,343,008
Reserves for Encumbrances, December 31	\$869,132	\$0	\$0	\$18,137	\$887,269

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

**CLERMONT COUNTY PUBLIC LIBRARY
CLERMONT 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**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts:					
Property and Other Local Taxes	\$1,194,687	\$0	\$0	\$0	\$1,194,687
Library and Local Government Support	6,482,972				6,482,972
Intergovernmental		11,461			11,461
Patrons, Fines and Fees	95,512				95,512
Earnings on Investments	289,254				289,254
Contributions, Gifts and Donations	94,521				94,521
Miscellaneous Receipts	28,841				28,841
Total Cash Receipts	8,185,787	11,461	0	0	8,197,248
Cash Disbursements:					
Current:					
Salaries and Benefits	3,688,334				3,688,334
Purchased and Contracted Services	1,019,742	2,496		95,315	1,117,553
Other Objects	1,400,318	11,854			1,412,172
Debt Service:					
Redemption of Principal			151,000		151,000
Interest Payments and Other Financing Fees and Costs			217,945		217,945
Capital Outlay	444,287			1,100	445,387
Total Cash Disbursements	6,552,681	14,350	368,945	96,415	7,032,391
Total Cash Receipts Over/(Under) Cash Disbursements	1,633,106	(2,889)	(368,945)	(96,415)	1,164,857
Other Financing Receipts/(Disbursements):					
Transfers-In		330	369,931	58,576	428,837
Transfers-Out	(428,507)	(330)			(428,837)
Total Other Financing Receipts/(Disbursements)	(428,507)	0	369,931	58,576	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,204,599	(2,889)	986	(37,839)	1,164,857
Fund Cash Balances, January 1	5,734,161	4,463	1,921	1,260,189	7,000,734
Fund Cash Balances, December 31	\$6,938,760	\$1,574	\$2,907	\$1,222,350	\$8,165,591
Reserves for Encumbrances, December 31	\$493,793	\$42	\$0	\$9,735	\$503,570

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

**CLERMONT COUNTY PUBLIC LIBRARY
CLERMONT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Clermont County Public Library, Clermont 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 Ohio. The Library is directed by a seven-member Board of Trustees appointed by Clermont County. 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). Ohio law does not require the Library to encumber commitments; however, the Library chooses to encumber commitments.

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

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. Money market mutual funds (including STAR Ohio) 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:

Grant Fund

This fund received monies from the State of Ohio for Library Aid.

**CLERMONT COUNTY PUBLIC LIBRARY
CLERMONT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness:

Bond Retirement Fund

This fund receives money from the general fund (in the form of a transfer) for the payment of notes.

4. 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:

New Richmond Capital Project Fund

This fund received proceeds in prior years from the sale of notes to finance the improvement of the facilities at this 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 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.

**CLERMONT COUNTY PUBLIC LIBRARY
CLERMONT COUNTY**

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

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	\$2,625,136	\$2,068,717
Certificates of deposit	20,398	0
Total deposits	2,645,534	2,068,717
Cash:		
Petty Cash	225	300
Change Funds	500	500
Total Cash on Hand	725	800
Investments:		
US Bank Treasury Fund (Mutual Fund)	1,654,582	1,634,004
STAR Ohio	4,042,167	4,462,070
Total investments	5,696,749	6,096,074
Total deposits, cash on hand and investments	\$8,343,008	\$8,165,591

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.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

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	\$8,746,226	\$8,138,684	\$607,542
Special Revenue	106,483	106,475	8
Debt Service	368,681	368,681	0
Capital Projects	1,378,065	417,930	960,135
Total	\$10,599,455	\$9,031,770	\$1,567,685

**CLERMONT COUNTY PUBLIC LIBRARY
CLERMONT 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	\$8,360,638	\$7,474,981	\$885,657
Special Revenue	14,742	14,722	20
Debt Service	369,931	368,945	986
Capital Projects	1,088,000	106,150	981,850
Total	\$9,833,311	\$7,964,798	\$1,868,513

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. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Library Fund Library Facilities Notes	\$3,420,070	5.98%

**CLERMONT COUNTY PUBLIC LIBRARY
CLERMONT COUNTY**

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

5. DEBT (Continued)

The Library Fund Library Facilities Notes are to retire old debt and to finance the construction of the Owensville Library Branch and to improve the facilities at the other Library Branches. The loans will be repaid in monthly installments, including interest, over 20 years collateralized solely by the Library's taxing authority. The Library Notes are a combination of previous 1996A and 1996B notes, which were combined to account for the Library's Notes per section 133.70 of the Ohio Revised Code.

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

Year ending December 31:	Library Fund Library Facilities Notes
2003	\$367,924
2004	366,627
2005	366,754
2006	364,261
2007	364,448
Subsequent	3,204,003
Total	<u><u>\$5,034,017</u></u>

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 also prescribed by the Ohio Revised Code. 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.

7. RISK MANAGEMENT

Commercial Insurance

The Clermont County 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 and dental and vision coverage to full-time employees through a private carrier.

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**Auditor of State
Betty Montgomery**

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

Clermont County Public Library
Clermont County
326 Broadway Street
Batavia, OH 45103

To the Board of Trustees:

We have audited the accompanying financial statements of the Clermont County Public Library, Clermont County, Ohio (the Library), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

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 June 30, 2003.

This report is intended solely for the information and use of 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 30, 2003

**CLERMONT COUNTY PUBLIC LIBRARY
CLERMONT COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-00413-0001	Library did not properly encumber.	N/A	Finding no Longer Valid – Libraries are not required to encumber.
2000-00413-002	Library did not perform accurate monthly bank reconciliations.	Yes	
2000-00413-003	Expenditures were not properly approved by the Board.	Yes	



**Auditor of State
Betty Montgomery**

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CLERMONT COUNTY PUBLIC LIBRARY

CLERMONT 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 19, 2003**