



**Auditor of State
Betty Montgomery**

CLARK COUNTY PUBLIC LIBRARY
CLARK COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Clark County Public Library
201 South Fountain Ave.
PO Box 1080
Springfield, OH 45501-1080

To the Board of Trustees:

We have audited the accompanying financial statements of the Clark County Public Library (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 combined fund cash balances and reserve for encumbrances of the Library 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 June 18, 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 Long-Range Planning 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". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 18, 2004

**CLARK COUNTY PUBLIC LIBRARY
CLARK COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property and Other Local Taxes	\$4,895,284	\$326,105			\$5,221,389
Patron Fines and Fees	86,461				86,461
Earnings on Investments	140,794			148	140,942
Services Provided to Other Entities	2,415				2,415
Contributions, Gifts and Donations	52,979				52,979
Miscellaneous Receipts	192,975				192,975
Total Cash Receipts	5,370,908	326,105		148	5,697,161
Cash Disbursements:					
Current:					
Salaries and Benefits	2,846,993				2,846,993
Purchased and Contracted Services	1,143,434	5,469			1,148,903
Library Materials and Info	883,874			693	884,567
Supplies	123,886				123,886
Other Objects	16,628				16,628
Debt Service:					
Redemption of Principal		220,000			220,000
Interest Payments and Other Financing Fees and Costs		58,750			58,750
Capital Outlay	381,271		763,102	10,100	1,154,473
Total Cash Disbursements	5,396,086	284,219	763,102	10,793	6,454,200
Total Cash Receipts Over/(Under) Cash Disbursements	(25,178)	41,886	(763,102)	(10,645)	(757,039)
Other Financing Receipts/(Disbursements):					
Proceeds from Sales of Property	8,292				8,292
Transfers-In			350,000		350,000
Transfers-Out	(350,000)				(350,000)
Total Other Financing Receipts/(Disbursements)	(341,708)		350,000		8,292
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(366,886)	41,886	(413,102)	(10,645)	(748,747)
Fund Cash Balances, January 1	5,382,768	831,850	6,016,011	18,881	12,249,510
Fund Cash Balances, December 31	\$5,015,882	\$873,736	\$5,602,909	\$8,236	\$11,500,763
Reserves for Encumbrances, December 31	\$4,841,896	\$4,531	\$2,965,825		\$7,812,252

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

**CLARK COUNTY PUBLIC LIBRARY
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Earnings on Investments	\$31
Operating Cash Disbursements	0
Receipts Over Disbursements	31
Fund Cash Balances, January 1	3,300
Fund Cash Balances, December 31	\$3,331

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

**CLARK COUNTY PUBLIC LIBRARY
CLARK COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property and Other Local Taxes	\$4,947,853	\$486,461			\$5,434,314
Patron Fines and Fees	89,804				89,804
Earnings on Investments	223,433			286	223,719
Services Provided to Other Entities	2,539				2,539
Contributions, Gifts and Donations	14,104				14,104
Miscellaneous Receipts	439,483				439,483
	<u>5,717,216</u>	<u>486,461</u>		<u>286</u>	<u>6,203,963</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Salaries and Benefits	2,776,983				2,776,983
Purchased and Contracted Services	1,125,469	8,051			1,133,520
Library Materials & Info	806,327				806,327
Supplies	82,258				82,258
Other Objects	25,140				25,140
Debt Service:					
Redemption of Principal		220,000			220,000
Interest Payments and Other Financing Fees and Costs		72,500			72,500
Capital Outlay	163,434		22,614		186,048
	<u>4,979,611</u>	<u>300,551</u>	<u>22,614</u>		<u>5,302,776</u>
Total Cash Disbursements					
Total Cash Receipts Over/(Under) Cash Disbursements	<u>737,605</u>	<u>185,910</u>	<u>(22,614)</u>	<u>286</u>	<u>901,187</u>
Other Financing Receipts/(Disbursements):					
Proceeds from Sales of Property	9,290				9,290
Transfers-In			900,000		900,000
Transfers-Out	(900,000)				(900,000)
	<u>(890,710)</u>		<u>900,000</u>		<u>9,290</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(153,105)	185,910	877,386	286	910,477
Fund Cash Balances, January 1	5,535,873	645,940	5,138,625	18,595	11,339,033
Fund Cash Balances, December 31	<u>\$5,382,768</u>	<u>\$831,850</u>	<u>\$6,016,011</u>	<u>\$18,881</u>	<u>\$12,249,510</u>
Reserves for Encumbrances, December 31	<u>\$5,195,729</u>	<u>\$1,949</u>	<u>\$3,314,984</u>		<u>\$8,512,662</u>

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

CLARK COUNTY PUBLIC LIBRARY
CLARK COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Fiduciary Fund Types</u>
	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Earnings on Investments	\$58
Operating Cash Disbursements	<u>0</u>
Receipts Over Disbursements	58
Fund Cash Balances, January 1	<u>3,242</u>
Fund Cash Balances, December 31	<u><u>\$3,300</u></u>

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

**CLARK COUNTY 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 Clark County Public Library (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 County Commissioners and the Courts. 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 deposits are valued at cost. The Investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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. Debt Service Funds

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

A debt service fund was established to provide for the financing of the building of the current library.

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). A building and repair fund has been established.

**CLARK COUNTY PUBLIC LIBRARY
CLARK COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had the following significant fiduciary funds: Expendable Trust funds – Bennett Trust Fund and the Hinkle Endowment; Non-Expendable Trust Funds – Trump and Leventhal endowments. These funds were created and exist according to the trust agreements.

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 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	\$42,649	\$27,569
Certificates of deposit	9,916	9,738
Total deposits	52,565	37,307
Petty Cash	406	406
STAR Ohio	11,451,123	12,215,097
Total deposits, cash on hand, and investments	\$11,504,094	\$12,252,810

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

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

**CLARK COUNTY PUBLIC LIBRARY
CLARK COUNTY**

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

3. BUDGETARY ACTIVITY

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$10,761,904	\$10,587,982	\$173,922
Debt Service	1,157,956	288,750	869,206
Capital Projects	6,366,011	3,728,927	2,637,084
Expendable Trust	19,029	10,793	8,236
Nonexpendable Trust	3,331	0	3,331
Total	<u>\$18,308,231</u>	<u>\$14,616,452</u>	<u>\$3,691,779</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$11,262,316	\$11,075,340	\$186,976
Debt Service	1,132,402	302,500	829,902
Capital Projects	6,038,625	3,337,598	2,701,027
Expendable Trust	18,881	0	18,881
Nonexpendable Trust	3,300	0	3,300
Total	<u>\$18,455,524</u>	<u>\$14,715,438</u>	<u>\$3,740,086</u>

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.

**CLARK COUNTY PUBLIC LIBRARY
CLARK COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$720,000	6.25%

The General Obligation Bonds were issued on December 1, 1986 with the original issuance of \$4,335,000 for the purpose of constructing, equipping and furnishing a new main library, acquiring real estate for that library, and making necessary site improvements.

Amortization of the above debt, including interest of \$90,000, is scheduled as follows:

	General Obligation Bonds
Year ending December 31:	
2004	\$285,000
2005	270,000
2006	255,000
Total	\$810,000

6. RETIREMENT SYSTEM

The Library's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS are cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS members contributed 8.5% of their wages. The Library contributed an amount equal to 13.55% of PERS participants' gross salaries for 2002 and 2003. The Library has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

**CLARK COUNTY PUBLIC LIBRARY
CLARK COUNTY**

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

8. LIBRARY COALITION

The Library has an agreement with Clark County Literacy Coalition to provide the facility located at 137 East High Street, Springfield, Ohio, for the Coalition to use for meetings, tutoring and administrative services. The agreement also stipulates that the Library will provide human resource support which includes processing payroll for the Coalition. The Library also agreed to provide general liability insurance coverage, arrange and pay for all utilities, and provide maintenance of the facility. As a result of this agreement, the Library expended approximately \$30,000 during both 2002 and 2003.

9. SUBSEQUENT EVENTS

On January 30, 2004 the Library received \$150,000 from Pella Windows. This was the result of an out of court settlement reached with Pella Windows during December, 2003.

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**Auditor of State
Betty Montgomery**

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

Clark County Public Library
201 South Fountain Ave.
PO Box 1080
Springfield, Ohio 45501-1080

To the Board of Trustees:

We have audited the accompanying financial statements of the Clark County Public Library (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 18, 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*.

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 June 18, 2004.

Clark County Public Library
Clark County
Report of Independent Accountants 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 Long-Range Planning 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 18, 2004



**Auditor of State
Betty Montgomery**

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CLARK COUNTY 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 6, 2004**