



**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Portsmouth Public Library, Scioto County, Ohio (the Library), as of and for the years ended December 31, 2000 and 1999. 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 generally accepted auditing standards 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 Portsmouth Public Library, Scioto County, as of December 31, 2000 and 1999, 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 April 11, 2001 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.

Jim Petro
Auditor of State

April 11, 2001

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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, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property and Other Local Taxes	\$3,188,578					\$3,188,578
Other Government Grants-In-Aid		39,256				39,256
Patron Fines and Fees	42,322					42,322
Earnings on Investments	58,802				729	59,531
Contributions, Gifts and Donations	1,322	21,971				23,293
Miscellaneous Receipts	61,666					61,666
Total Cash Receipts	<u>3,352,690</u>	<u>61,227</u>	<u>0</u>	<u>0</u>	<u>729</u>	<u>3,414,646</u>
Cash Disbursements:						
Current:						
Salaries and Benefits	1,408,956					1,408,956
Supplies	68,766	2,923				71,689
Purchased and Contracted Services	404,683	43,304				447,987
Library Material and Information	433,365					433,365
Other Objects	8,266					8,266
Debt Service:						
Redemption of Principal			197,074			197,074
Interest Payments and Other Financing Fees and Costs			76,362			76,362
Capital Outlay	264,806	15,000		468,993		748,799
Total Cash Disbursements	<u>2,588,842</u>	<u>61,227</u>	<u>273,436</u>	<u>468,993</u>	<u>0</u>	<u>3,392,498</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>763,848</u>	<u>0</u>	<u>(273,436)</u>	<u>(468,993)</u>	<u>729</u>	<u>22,148</u>
Other Financing Receipts/(Disbursements):						
Transfers-In			271,182	158,718		429,900
Transfers-Out	(429,900)					(429,900)
Total Other Financing Receipts/(Disbursements)	<u>(429,900)</u>	<u>0</u>	<u>271,182</u>	<u>158,718</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>333,948</u>	<u>0</u>	<u>(2,254)</u>	<u>(310,275)</u>	<u>729</u>	<u>22,148</u>
Fund Cash Balances, January 1	<u>683,270</u>	<u>0</u>	<u>9,224</u>	<u>337,632</u>	<u>14,434</u>	<u>1,044,560</u>
Fund Cash Balances, December 31	<u>\$1,017,218</u>	<u>\$0</u>	<u>\$6,970</u>	<u>\$27,357</u>	<u>\$15,163</u>	<u>\$1,066,708</u>
Reserves for Encumbrances, December 31	<u>\$499,823</u>	<u>\$0</u>	<u>\$6,970</u>	<u>\$0</u>	<u>\$0</u>	<u>\$506,793</u>

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

**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, 1999**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:						
Property and Other Local Taxes	\$2,960,113					\$2,960,113
Other Government Grants-In-Aid		22,667				22,667
Patron Fines and Fees	31,206					31,206
Earnings on Investments	54,655				318	54,973
Contributions, Gifts and Donations	3,439	2,500				5,939
Miscellaneous Receipts	75,624	80				75,704
Total Cash Receipts	<u>3,125,037</u>	<u>25,247</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,150,602</u>
Cash Disbursements:						
Current:						
Salaries and Benefits	1,307,195					1,307,195
Supplies	47,179	850				48,029
Purchased and Contracted Services	399,228	12,243				411,471
Library Material and Information	264,174	11,476				275,650
Other Objects	14,568					14,568
Debt Service:						
Redemption of Principal			197,074			197,074
Interest Payments and Other Financing Fees and Costs			89,732			89,732
Capital Outlay	271,365	1,400		408,293		681,058
Total Cash Disbursements	<u>2,303,709</u>	<u>25,969</u>	<u>286,806</u>	<u>408,293</u>	<u>0</u>	<u>3,024,777</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>821,328</u>	<u>(722)</u>	<u>(286,806)</u>	<u>(408,293)</u>	<u>0</u>	<u>125,825</u>
Other Financing Receipts/(Disbursements):						
Transfers-In			288,590			288,590
Transfers-Out	(288,590)					(288,590)
Total Other Financing Receipts/(Disbursements)	<u>(288,590)</u>	<u>0</u>	<u>288,590</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>532,738</u>	<u>(722)</u>	<u>1,784</u>	<u>(408,293)</u>	<u>0</u>	<u>125,825</u>
Fund Cash Balances, January 1	<u>150,532</u>	<u>722</u>	<u>7,440</u>	<u>745,925</u>	<u>14,116</u>	<u>918,735</u>
Fund Cash Balances, December 31	<u>\$683,270</u>	<u>\$0</u>	<u>\$9,224</u>	<u>\$337,632</u>	<u>\$14,116</u>	<u>\$1,044,560</u>
Reserves for Encumbrances, December 31	<u>\$472,558</u>	<u>\$0</u>	<u>\$0</u>	<u>\$191,707</u>	<u>\$0</u>	<u>\$664,265</u>

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

**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Portsmouth Public Library, Scioto 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 the State of Ohio. The Library is directed by a six-member Board of Trustees appointed by the Mayor of the City of Portsmouth. 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

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

Certificates of deposit are valued at cost. The investment in STAROhio (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. 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 Funds:

Writers Life Fund - This fund received funding for the Title III, Improvement and Research Grant. Funds were provided for the purpose of providing the general public with additional library access services that would not otherwise be available.

**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Library Services Technology Act (LSTA) Homebound Fund - This fund received grant funding from the State Library of Ohio for the provision of services to the general public through the Library's Homebound program as well as purchasing capital equipment.

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 program for disadvantaged Appalachian youth.

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Library utilizes this fund to repay outstanding debt for the building renovation program.

4. 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:

South Webster Branch Building Fund - This fund was used to account for the construction of the new South Webster Branch building.

5. Fiduciary Funds (Trust and Agency 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 fund:

Besco Trust - 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 Ohio Administrative Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 and 1999 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. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

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:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$384,027	\$402,811
Certificates of deposit	<u>15,163</u>	<u>14,434</u>
Total deposits	<u>399,190</u>	<u>417,245</u>
STAROhio	<u>667,518</u>	<u>627,315</u>
Total investments	<u>667,518</u>	<u>627,315</u>
Total deposits and investments	<u><u>\$1,066,708</u></u>	<u><u>\$1,044,560</u></u>

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

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

**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,352,609	\$3,352,690	\$81
Special Revenue	61,227	61,227	0
Debt Service	271,182	271,182	0
Capital Projects	158,718	158,718	0
Fiduciary	729	729	0
Total	\$3,844,465	\$3,844,546	\$81

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,581,673	\$3,518,565	\$63,108
Special Revenue	61,227	61,227	0
Debt Service	280,406	280,406	0
Capital Projects	191,707	468,993	(277,286)
Fiduciary	0	0	0
Total	\$4,115,013	\$4,329,191	(\$214,178)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,125,037	\$3,125,037	\$0
Special Revenue	25,247	25,247	0
Debt Service	288,590	288,590	0
Capital Projects	0	0	0
Fiduciary	318	318	0
Total	\$3,439,192	\$3,439,192	\$0

**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,295,150	\$3,064,857	\$230,293
Special Revenue	25,969	25,969	0
Debt Service	270,590	286,806	(16,216)
Capital Projects	745,925	600,000	145,925
Fiduciary	0	0	0
Total	\$4,337,634	\$3,977,632	\$360,002

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 on account of any additional revenues realized by the Library.

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$998,206	6.81%
Total	\$998,206	

The Library had outstanding debt with Fifth-Third Bank for the renovation and improvement of the main library. The original note was for \$2,000,000 with monthly principal payments in the amount of \$16,423.

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

Year ending December 31:	General Obligation Notes
2001	\$258,880
2002	245,459
2003	232,038
2004	218,617
2005	205,197
2006	12,593
Total	\$1,172,784

**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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 also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. Effective July 1, 2000 the employers' contribution rate decreased to 8.13% of the participants' gross salaries. The Library has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

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

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

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

9. 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 consists of the Library Director from each of the member Libraries. The Portsmouth Public Library's control over budgeting and financing of OVAL is limited to its voting authority and its representation on OVAL's Board of Trustees.

10. RELATED PARTY TRANSACTION

The Library pays an annual fee as well as service fees to the Ohio Valley Area Libraries (OVAL), a jointly governed organization, of which the Library is a member. The Library paid \$10,170 to OVAL during the period January 1, 1999 through December 31, 2000. The Library paid dues of \$5,516 and fees of \$1,170 during 1999. At the beginning of 2000, the Library elected to terminate its membership with OVAL effective June 30, 2001. As a result no membership dues were charged to the Library for fiscal year 2000. However, during fiscal year 2000 fees of \$3,484 were paid to OVAL for services rendered to the Library.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
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 accompanying financial statements of the Portsmouth Public Library, Scioto County, Ohio (the Library), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 11, 2001. We conducted our audit in accordance with generally accepted auditing standards 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 certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated April 11, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 April 11, 2001.

Portsmouth Public Library
Scioto County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the Board of Trustees and management, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 11, 2001



STATE OF OHIO
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JIM PETRO, AUDITOR OF STATE

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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
MAY 22, 2001**