



**Auditor of State
Betty Montgomery**

**NEWARK PUBLIC LIBRARY
LICKING COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Newark Public Library
Licking County
101 West Main Street
Newark, Ohio 43055

To the Board of Trustees:

We have audited the accompanying financial statements of the Newark Public Library (the Library) as of and for the years ended December 31, 2002, and December 31, 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 of the Library as of December 31, 2002, and December 31, 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, 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

June 30, 2003

**NEWARK PUBLIC LIBRARY
LICKING 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, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$126	\$0	\$0	\$126
Other Government Grants-In-Aid	3,109,089	0	0	3,109,089
Patron Fines and Fees	114,917	0	0	114,917
Earnings on Investments	9,306	76,388	8,818	94,512
Services Provided to Other Entities	33,882	0	0	33,882
Contributions, Gifts and Donations	336	0	500,000	500,336
Miscellaneous Receipts	16,857	0	0	16,857
	<u>3,284,513</u>	<u>76,388</u>	<u>508,818</u>	<u>3,869,719</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	2,294,955	0	0	2,294,955
Purchased and Contracted Services	574,955	0	0	574,955
Other Objects	709,240	0	20,365	729,605
Capital Outlay	26,583	143,059	0	169,642
	<u>3,605,733</u>	<u>143,059</u>	<u>20,365</u>	<u>3,769,157</u>
Total Cash Disbursements				
	<u>3,605,733</u>	<u>143,059</u>	<u>20,365</u>	<u>3,769,157</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(321,220)	(66,671)	488,453	100,562
Fund Cash Balances, January 1, 2002	459,641	4,404,127	22,152	4,885,920
Fund Cash Balances, December 31, 2002	<u>\$138,421</u>	<u>\$4,337,456</u>	<u>\$510,605</u>	<u>\$4,986,482</u>
Reserves for Encumbrances, December 31, 2002	<u>\$127,744</u>	<u>\$21,827</u>	<u>\$34,738</u>	<u>\$184,309</u>

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

NEWARK PUBLIC LIBRARY
LICKING COUNTY

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

	<u>Fiduciary Fund Type</u>
	<u>Nonexpendable Trust</u>
Operating Cash Disbursements:	
Current:	
Other Objects	\$1,960
Capital Outlay	<u>2,399</u>
Total Operating Cash Disbursements	<u>4,359</u>
Operating Income/(Loss)	<u>(4,359)</u>
Non-Operating Cash Receipts:	
Earnings on Investments	<u>2,668</u>
Net Receipts (Under) Disbursements	(1,691)
Fund Cash Balance, January 1, 2002	<u>101,058</u>
Fund Cash Balance, December 31, 2002	<u><u>\$99,367</u></u>

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

**NEWARK PUBLIC LIBRARY
LICKING 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, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Other Government Grants-In-Aid	\$3,371,579	0	0	\$3,371,579
Patron Fines and Fees	118,015	0	0	118,015
Earnings on Investments	41,390	217,914	1,207	260,511
Services Provided to Other Entities	5,680	0	0	5,680
Contributions, Gifts and Donations	5,572	0	0	5,572
Miscellaneous Receipts	14,445	0	0	14,445
	<u>3,556,681</u>	<u>217,914</u>	<u>1,207</u>	<u>3,775,802</u>
Total Cash Receipts				
	<u>3,556,681</u>	<u>217,914</u>	<u>1,207</u>	<u>3,775,802</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	2,055,789	0	0	2,055,789
Purchased and Contracted Services	549,363	0	2,933	552,296
Other Objects	807,846	0	24,094	831,940
Capital Outlay	49,950	84,135	0	134,085
	<u>3,462,948</u>	<u>84,135</u>	<u>27,027</u>	<u>3,574,110</u>
Total Cash Disbursements				
	<u>3,462,948</u>	<u>84,135</u>	<u>27,027</u>	<u>3,574,110</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>93,733</u>	<u>133,779</u>	<u>(25,820)</u>	<u>201,692</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	300,000	0	300,000
Transfers-Out	(300,000)	0	0	(300,000)
	<u>(300,000)</u>	<u>300,000</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(300,000)</u>	<u>300,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(206,267)</u>	<u>433,779</u>	<u>(25,820)</u>	<u>201,692</u>
Fund Cash Balances, January 1, 2001	<u>665,908</u>	<u>3,970,348</u>	<u>47,972</u>	<u>4,684,228</u>
Fund Cash Balances, December 31, 2001	<u>\$459,641</u>	<u>\$4,404,127</u>	<u>\$22,152</u>	<u>\$4,885,920</u>
Reserves for Encumbrances, December 31, 2001	<u>\$168,559</u>	<u>\$12,245</u>	<u>\$50</u>	<u>\$180,854</u>

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

NEWARK PUBLIC LIBRARY
LICKING COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Fiduciary Fund Types</u>
	<u>Nonexpendable Trust</u>
Operating Cash Disbursements:	
Current:	
Other Objects	<u>\$2,146</u>
Total Operating Cash Disbursements	<u>2,146</u>
Operating (Loss)	<u>(2,146)</u>
Non-Operating Cash Receipts:	
Earnings on Investments	<u>6,578</u>
Net Receipts Over Disbursements	4,432
Fund Cash Balance, January 1, 2001	<u>96,626</u>
Fund Cash Balance, December 31, 2001	<u><u>\$101,058</u></u>

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

**NEWARK PUBLIC LIBRARY
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Newark Public Library, Licking 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 appointed by Board of Education of the Newark City School District. 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. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit, and U.S. Treasury notes, bonds, and other government agency instruments 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. 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). The Library had the following significant Capital Project Fund.

Building and Repair Fund – Receives receipts and general fund transfers designated for the repair of the main library and library branches.

**NEWARK PUBLIC LIBRARY
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. 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. The Library had the following significant Fiduciary Funds:

Criss Fund: Expendable trust fund established in 2002 with the estate of Margerat Criss for the purpose of providing library services to the residents of Licking County.

Thomas and Banton Funds: Non-Expendable trust funds endowed by patrons of the Library for the purpose of providing library services according to the trust agreement. The corpus of the trust cannot be used, only investment earnings are subject to expenditure.

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 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.

**NEWARK PUBLIC LIBRARY
LICKING 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:

Certificates of deposit	99,000	0
Total deposits	1,922,358	2,563,279
U.S. Treasury Notes	27,500	27,500
Other U.S. Gov't Agency Investments	149,930	0
STAR Ohio	2,008,792	2,396,199
U.S. Bonds	977,269	0
Total investments	3,163,491	2,423,699
Total deposits and investments	\$5,085,849	\$4,986,978

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

Investments: U.S. Treasury Notes and Bonds are held in book-entry form by the Federal Reserve, in the name of the Library's financial institution. This would include money market accounts where funds are invested in other U.S. Government Securities. The financial institution maintains records identifying the Library as owner of these securities. Investments in STAR Ohio 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 December 31, 2001 follows:

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,045,000	\$3,733,477	\$311,523
Capital Projects	4,535,755	164,886	4,370,869
Fiduciary	557,515	59,462	498,053
Total	\$9,138,270	\$3,957,825	\$5,180,445

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,325,000	\$3,931,507	\$393,493
Capital Projects	4,168,552	96,380	4,072,172
Fiduciary	84,093	29,223	54,870
Total	\$8,577,645	\$4,057,110	\$4,520,535

**NEWARK PUBLIC LIBRARY
LICKING COUNTY**

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

4. GRANTS-IN-AID

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.

5. 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 2002 and 2001. The Library has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

Commercial Insurance

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

- Comprehensive property and general liability;
- Inland marine;
- Vehicles; and
- Errors and omissions

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



**Auditor of State
Betty Montgomery**

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

Newark Public Library
Licking County
101 West Main Street
Newark, Ohio 43055

To the Board of Trustees:

We have audited the accompanying financial statements of the Newark Public Library (the Library) as of and for the years ended December 31, 2002, and December 31, 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 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 30, 2003.

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Newark Public Library
Licking County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the management and the 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



**Auditor of State
Betty Montgomery**

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800-282-0370

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NEWARK PUBLIC LIBRARY

LICKING 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 26, 2003**