



**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 statements of the Portsmouth Public Library, Scioto 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 Portsmouth Public Library, Scioto County, 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 October 17, 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 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

October 17, 2003

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, 2002**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Other Government Grants-In-Aid	\$ 2,996,836	\$	\$	\$	\$	\$ 2,996,836
Patron Fines and Fees	87,798					87,798
Earnings on Investments	20,763				925	21,688
Contributions, Gifts and Donations	2,825	2,935				5,760
Miscellaneous Receipts	14,510					14,510
<b>Total Cash Receipts</b>	<u>3,122,732</u>	<u>2,935</u>	<u>0</u>	<u>0</u>	<u>925</u>	<u>3,126,592</u>
<b>Cash Disbursements:</b>						
Current:						
Salaries and Benefits	1,703,143					1,703,143
Purchased and Contracted Services	430,153					430,153
Other Objects	514,065					514,065
Debt Service:						
Redemption of Principal			197,074			197,074
Interest Payments and Other Financing Fees and Costs			48,890			48,890
Capital Outlay	156,464	2,751		181,224		340,439
<b>Total Cash Disbursements</b>	<u>2,803,825</u>	<u>2,751</u>	<u>245,964</u>	<u>181,224</u>	<u>0</u>	<u>3,233,764</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>318,907</u>	<u>184</u>	<u>(245,964)</u>	<u>(181,224)</u>	<u>925</u>	<u>(107,172)</u>
<b>Other Financing Sources (Uses):</b>						
Transfers-In			241,768	204,438		446,206
Transfers-Out	(446,206)					(446,206)
<b>Total Other Financing Sources (Uses)</b>	<u>(446,206)</u>	<u>0</u>	<u>241,768</u>	<u>204,438</u>	<u>0</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses</b>	<u>(127,299)</u>	<u>184</u>	<u>(4,196)</u>	<u>23,214</u>	<u>925</u>	<u>(107,172)</u>
<b>Fund Cash Balances, January 1</b>	<u>1,069,732</u>	<u>5,984</u>	<u>5,191</u>	<u>237,552</u>	<u>16,132</u>	<u>1,334,591</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 942,433</u>	<u>\$ 6,168</u>	<u>\$ 995</u>	<u>\$ 260,766</u>	<u>\$ 17,057</u>	<u>\$ 1,227,419</u>
<b>Reserves for Encumbrances, December 31</b>	<u>\$ 752,072</u>	<u>\$ 2,935</u>	<u>\$ 994</u>	<u>\$ 18,000</u>	<u>\$ 0</u>	<u>\$ 774,001</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, 2001**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Other Government Grants-In-Aid	\$ 3,250,048	\$ 40,638	\$	\$	\$	\$ 3,290,686
Patron Fines and Fees	57,110					57,110
Earnings on Investments	50,298				969	51,267
Contributions, Gifts and Donations	548	138,166				138,714
Miscellaneous Receipts	45,986					45,986
Total Cash Receipts	<u>3,403,990</u>	<u>178,804</u>	<u>0</u>	<u>0</u>	<u>969</u>	<u>3,583,763</u>
<b>Cash Disbursements:</b>						
Current:						
Salaries and Benefits	1,513,301					1,513,301
Purchased and Contracted Services	462,220	35,305				497,525
Other Objects	416,196	2,100				418,296
Debt Service:						
Redemption of Principal			197,074			197,074
Interest Payments and Other Financing Fees and Costs			62,466			62,466
Capital Outlay	309,561	135,415		182,242		627,218
Total Cash Disbursements	<u>2,701,278</u>	<u>172,820</u>	<u>259,540</u>	<u>182,242</u>	<u>0</u>	<u>3,315,880</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>702,712</u>	<u>5,984</u>	<u>(259,540)</u>	<u>(182,242)</u>	<u>969</u>	<u>267,883</u>
<b>Other Financing Sources/Uses:</b>						
Transfers-In			257,761	392,437		650,198
Transfers-Out	(650,198)					(650,198)
Total Other Financing Sources/Uses	<u>(650,198)</u>	<u>0</u>	<u>257,761</u>	<u>392,437</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Uses Over/(Under) Cash Disbursements and Other Financing Uses	52,514	5,984	(1,779)	210,195	969	267,883
Fund Cash Balances, January 1	1,017,218		6,970	27,357	15,163	1,066,708
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 1,069,732</b></u>	<u><b>\$ 5,984</b></u>	<u><b>\$ 5,191</b></u>	<u><b>\$ 237,552</b></u>	<u><b>\$ 16,132</b></u>	<u><b>\$ 1,334,591</b></u>
Reserves for Encumbrances, December 31	<u>\$ 774,707</u>	<u>\$ 2,751</u>	<u>\$ 5,191</u>	<u>\$ 237,552</u>	<u>\$ 0</u>	<u>\$ 1,020,201</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, 2002 AND 2001**

**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 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. 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 STAROhio) 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 Funds:

*Gates Foundation Fund* – This fund received donations from the Bill and Melinda Gates Foundation restricted for the purchase of computers and software to be used by the general public at the Library.

**PORTSMOUTH PUBLIC LIBRARY  
SCIOTO COUNTY**

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

The debt service fund is used to accumulate resources for the payment of bonds and 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 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 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 New Boston Branch building.

**5. Fiduciary Fund (Trust Fund)**

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 Expendable Trust 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 2002 and 2001 budgetary activity appears in Note 3.

**PORTSMOUTH PUBLIC LIBRARY  
SCIOTO COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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:

	2002	2001
Demand deposits	\$33,650	\$15,763
Certificates of deposit	17,057	16,132
Total deposits	50,707	31,895
STAROhio	707,749	695,218
Repurchase agreement	468,963	607,478
Total investments	1,176,712	1,302,696
Total deposits and investments	\$1,227,419	\$1,334,591

**Deposits:** Deposits are either 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 that exist in physical or book-entry form. The Library's financial institution transfers the securities to the Library's agent to collateralize repurchase agreements. The securities are not in the Library's name.

**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	\$4,003,340	\$4,002,103	\$1,237
Special Revenue	5,686	5,686	0
Debt Service	246,958	246,958	0
Capital Projects	441,990	199,224	242,766
Fiduciary			0
Total	\$4,697,974	\$4,453,971	\$244,003

**PORTSMOUTH PUBLIC LIBRARY  
SCIOTO 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	\$4,126,183	\$4,126,183	\$0
Special Revenue	178,804	175,571	3,233
Debt Service	264,731	264,731	0
Capital Projects	419,794	419,794	0
Fiduciary			0
Total	\$4,989,512	\$4,986,279	\$3,233

**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. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$603,745	6.81%
Total	\$603,745	

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 separate cash accounts and is restricted fund cash in the General Fund.

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

Year ending December 31:	General Obligation Notes
2003	\$232,038
2004	218,617
2005	205,197
2006	12,593
Total	\$668,445

**PORTSMOUTH PUBLIC LIBRARY  
SCIOTO COUNTY**

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

**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.

**8. CONTINGENT LIABILITIES**

The Library is defendant in one lawsuit. Although the outcome of this suit is not presently determinable, counsel believes that the resolution of this matter will not materially adversely affect the Library's financial condition.

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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, 2002 and 2001, and have issued our report thereon dated October 17, 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.

This report is intended solely for the information and use of the audit committee, 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

October 17, 2003





**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  
NOVEMBER 13, 2003**