



**Auditor of State
Betty Montgomery**

**GREENE COUNTY PUBLIC LIBRARY
GREENE COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Greene County Public Library
76 East Market Street
P.O. Box 520
Xenia, Ohio 45385

To the Board of Trustees:

We have audited the accompanying financial statements of the Greene 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 reserves 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 July 28, 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 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

July 28, 2004

**GREENE COUNTY PUBLIC LIBRARY
GREENE COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$813,053			\$813,053
Other Government Grants-In-Aid	5,311,820		8,452	5,320,272
Patron Fines and Fees	182,149			182,149
Earnings on Investments	71,947	34		71,981
Contributions, Gifts and Donations	1,001	7,413		8,414
Miscellaneous Receipts	26,483			26,483
	<u>6,406,453</u>	<u>7,447</u>	<u>8,452</u>	<u>6,422,352</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	3,876,781			3,876,781
Supplies	85,998		8,184	94,182
Purchased and Contracted Services	729,447			729,447
Library Materials	1,016,242	904		1,017,146
Other Objects	15,341			15,341
Capital Outlay	12,851		477,141	489,992
	<u>5,736,660</u>	<u>904</u>	<u>485,325</u>	<u>6,222,889</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>669,793</u>	<u>6,543</u>	<u>(476,873)</u>	<u>199,463</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			93,000	93,000
Transfers-Out	(93,000)			(93,000)
	<u>(93,000)</u>		<u>93,000</u>	
Total Other Financing Receipts/(Disbursements)	<u>(93,000)</u>		<u>93,000</u>	
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	576,793	6,543	(383,873)	199,463
Fund Cash Balances, January 1	<u>2,599,755</u>	<u>30,683</u>	<u>1,304,567</u>	<u>3,935,005</u>
Fund Cash Balances, December 31	<u><u>\$3,176,548</u></u>	<u><u>\$37,226</u></u>	<u><u>\$920,694</u></u>	<u><u>\$4,134,468</u></u>
Reserves for Encumbrances, December 31	<u><u>\$360,788</u></u>	<u><u>\$250</u></u>	<u><u>\$23,563</u></u>	<u><u>\$384,601</u></u>

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

**GREENE COUNTY PUBLIC LIBRARY
GREENE COUNTY**

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

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Contributions, Gifts and Donations	\$15
Earnings on Investments	306
	<hr/>
Total Operating Cash Receipts	321
Operating Cash Disbursements:	
Library Materials	<hr/>
Net Receipts Over Disbursements	321
Fund Cash Balances, January 1	40,621
	<hr/>
Fund Cash Balances, December 31	<u><u>\$40,942</u></u>

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

**GREENE COUNTY PUBLIC LIBRARY
GREENE 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>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$813,731			\$813,731
Other Government Grants-In-Aid	5,367,746			5,367,746
Patron Fines and Fees	185,343			185,343
Earnings on Investments	83,800	\$54		83,854
Contributions, Gifts and Donations	2,306	2,105		4,411
Miscellaneous Receipts	147,139		\$90	147,229
	<u>6,600,065</u>	<u>2,159</u>	<u>90</u>	<u>6,602,314</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	3,865,823			3,865,823
Supplies	134,756			134,756
Purchased and Contracted Services	752,999		11,181	764,180
Library Materials	1,234,867	4,321		1,239,188
Other Objects	15,169			15,169
Capital Outlay	46,348		271,806	318,154
	<u>6,049,962</u>	<u>4,321</u>	<u>282,987</u>	<u>6,337,270</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>550,103</u>	<u>(2,162)</u>	<u>(282,897)</u>	<u>265,044</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			350,000	350,000
Transfers-Out	(350,000)			(350,000)
	<u>(350,000)</u>		<u>350,000</u>	
Total Other Financing Receipts/(Disbursements)	<u>(350,000)</u>		<u>350,000</u>	
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	200,103	(2,162)	67,103	265,044
Fund Cash Balances, January 1	<u>2,399,652</u>	<u>32,845</u>	<u>1,237,464</u>	<u>3,669,961</u>
Fund Cash Balances, December 31	<u><u>\$2,599,755</u></u>	<u><u>\$30,683</u></u>	<u><u>\$1,304,567</u></u>	<u><u>\$3,935,005</u></u>
Reserves for Encumbrances, December 31	<u><u>\$236,060</u></u>		<u><u>\$345,376</u></u>	<u><u>\$581,436</u></u>

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

**GREENE COUNTY PUBLIC LIBRARY
GREENE COUNTY**

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

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Contributions, Gifts and Donations	\$2,867
Earnings on Investments	1,760
	<hr/>
Total Operating Cash Receipts	4,627
Operating Cash Disbursements:	
Library Materials	766
	<hr/>
Net Receipts Over Disbursements	3,861
Fund Cash Balances, January 1	36,760
	<hr/>
Fund Cash Balances, December 31	<u><u>\$40,621</u></u>

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

**GREENE COUNTY PUBLIC LIBRARY
GREENE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Greene 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, four appointed by the Board of County Commissioners, and three appointed by the Judges of the Court of Common Pleas. 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.

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, U.S. Treasury Bills, U.S. Treasury Notes, and U.S. Treasury Bonds are valued at cost. Money market mutual funds (including STAR Ohio) and repurchase agreement are recorded at share values reported by the mutual fund or repurchase agreement sweep account.

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:

Intellectual Freedom Fund – This fund received various donations from local organizations

**GREENE COUNTY PUBLIC LIBRARY
GREENE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Local History Department Fund – This fund received donations from Patrons for assisting in research

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). The Library had the following significant capital project funds.

Building and Repair Fund – This fund received transfers from the General Fund for contracted Services and capital outlay, for building improvements.

Technology Fund – This fund received transfers from the General Fund, for capital expenditures related to technological advances.

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. The Library does not have any expendable trust funds. The Library had the following significant fiduciary funds:

Horton Trust Fund – This is a nonexpendable trust fund that was set up to benefit the children's department of the Fairborn branch. The interest is used to purchase books.

Steele Trust Fund – This is a nonexpendable trust fund that receives interest earnings for the purchase of books.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary 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.

**GREENE COUNTY PUBLIC LIBRARY
GREENE COUNTY**

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

	<u>2003</u>	<u>2002</u>
Demand deposits	\$812,642	\$653,032
Certificates of deposit	27,419	27,360
Money Market - Government Obligations	298,608	23,666
Total deposits	<u>1,138,669</u>	<u>704,058</u>
U.S. Treasury Bills	0	249,284
U.S. Treasury Notes	252,405	1,052,192
U.S. Treasury Bonds	2,010,915	1,189,435
Repurchase Agreement	135,353	191,263
STAR Ohio	638,068	589,394
Total investments	<u>3,036,741</u>	<u>3,271,568</u>
Total deposits and investments	<u><u>\$4,175,410</u></u>	<u><u>\$3,975,626</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: U.S. Treasury Bills, U.S. Treasury Notes and U.S. Treasury Bonds are held in book-entry form by the Federal Reserve, in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities. Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

The Library's financial institution transfers monies into a repurchase agreement sweep account. The securities held in the account are not in the Library's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

<u>2003 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	
	<u>Expenditures</u>	<u>Expenditures</u>	<u>Variance</u>
General	\$8,545,551	\$6,190,448	\$2,355,103
Special Revenue	26,315	1,154	25,161
Capital Projects	1,319,594	508,888	810,706
Fiduciary	11,169	0	11,169
Total	<u><u>\$9,902,629</u></u>	<u><u>\$6,700,490</u></u>	<u><u>\$3,202,139</u></u>

**GREENE COUNTY PUBLIC LIBRARY
GREENE COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$8,412,765	\$6,636,022	\$1,776,743
Special Revenue	30,669	4,321	26,348
Capital Projects	854,783	628,363	226,420
Fiduciary	8,851	766	8,085
Total	\$9,307,068	\$7,269,472	\$2,037,596

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. RETIREMENT SYSTEM

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. OPERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees.

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

**GREENE COUNTY PUBLIC LIBRARY
GREENE COUNTY**

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

6. RISK MANAGEMENT

Commercial Insurance

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

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

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Auditor of State Betty Montgomery

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

Greene County Public Library
Greene County
76 East Market Street
P.O. Box 520
Xenia, Ohio 45385

To the Board of Trustees:

We have audited the financial statements of the Greene County Public Library (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 28, 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 tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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 we must report 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 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 the Library's management in a separate letter dated July 28, 2004.

This report is intended solely for the information and use of 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

July 28, 2004



**Auditor of State
Betty Montgomery**

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800-282-0370

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GREEN COUNTY PUBLIC LIBRARY

GREENE 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 12, 2004**