



**Auditor of State
Betty Montgomery**

CLERMONT COUNTY PUBLIC LIBRARY
CLERMONT COUNTY

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**Auditor of State
Betty Montgomery**

Clermont County Public Library
Clermont County
326 Broadway Street
Batavia, Ohio 45103

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

May 3, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Clermont County Public Library
Clermont County
326 Broadway Street
Batavia, Ohio 45103

To the Board of Trustees:

We have audited the accompanying financial statements of Clermont County Public Library, Clermont County, Ohio (the Library), as of and for the years ended December 31, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Library has elected not to reformat its statements. Since this Library does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2004, or its changes in financial position for the year then ended.

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Also, 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 Clermont County Public Library, Clermont County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the year ended December 31, 2004. The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2006, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

May 3, 2006

**CLERMONT COUNTY PUBLIC LIBRARY
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$1,051,456	\$0	\$0	\$0	\$1,051,456
Other Government Grants-In-Aid	6,222,022				6,222,022
Patron Fines and Fees	115,120				115,120
Earnings on Investments	69,468	16,642			86,110
Contributions, Gifts and Donations	15,057	350			15,407
Miscellaneous Receipts	23,102				23,102
Total Cash Receipts	<u>7,496,225</u>	<u>16,992</u>	<u>0</u>	<u>0</u>	<u>7,513,217</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	4,220,144	124,000			4,344,144
Purchased and Contracted Services	2,050,857	20,991		78,241	2,150,089
Other Objects	80,597	1,424			82,021
Debt Service:					
Redemption of Principal			177,000		177,000
Interest Payments and Other Financing Fees and Costs			189,623		189,623
Capital Outlay	458,356			557,402	1,015,758
Total Cash Disbursements	<u>6,809,954</u>	<u>146,415</u>	<u>366,623</u>	<u>635,643</u>	<u>7,958,635</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>686,271</u>	<u>(129,423)</u>	<u>(366,623)</u>	<u>(635,643)</u>	<u>(445,418)</u>
Other Financing Receipts/(Disbursements):					
Transfers-In		5,548	363,717	414,937	784,202
Transfers-Out	(784,202)				(784,202)
Other Financing Sources		2,319			2,319
Total Other Financing Receipts/(Disbursements)	<u>(784,202)</u>	<u>7,867</u>	<u>363,717</u>	<u>414,937</u>	<u>2,319</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(97,931)	(121,556)	(2,906)	(220,706)	(443,099)
Fund Cash Balances, January 1	5,187,636	124,968	2,910	2,301,559	7,617,073
Fund Cash Balances, December 31	<u>\$5,089,705</u>	<u>\$3,412</u>	<u>\$4</u>	<u>\$2,080,853</u>	<u>\$7,173,974</u>
Reserves for Encumbrances, December 31	<u>\$688,139</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,611,182</u>	<u>\$2,299,321</u>

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

**CLERMONT COUNTY PUBLIC LIBRARY
CLERMONT 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>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$1,038,253	\$0	\$0	\$0	\$1,038,253
Other Government Grants-In-Aid	6,188,436				6,188,436
Patron Fines and Fees	120,503				120,503
Earnings on Investments	69,013				69,013
Contributions, Gifts and Donations	7,299	350			7,649
Miscellaneous Receipts	55,066				55,066
Total Cash Receipts	<u>7,478,570</u>	<u>350</u>	<u>0</u>	<u>0</u>	<u>7,478,920</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	4,088,010				4,088,010
Purchased and Contracted Services	2,169,003			99,004	2,268,007
Other Objects	21,215				21,215
Debt Service:					
Redemption of Principal			168,000		168,000
Interest Payments and Other Financing Fees and Costs	88		199,924		200,012
Capital Outlay	260,701			1,198,910	1,459,611
Total Cash Disbursements	<u>6,539,017</u>	<u>0</u>	<u>367,924</u>	<u>1,297,914</u>	<u>8,204,855</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>939,553</u>	<u>350</u>	<u>(367,924)</u>	<u>(1,297,914)</u>	<u>(725,935)</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	0	124,000	367,927	2,400,266	2,892,193
Transfers-Out	(2,892,193)			0	(2,892,193)
Total Other Financing Receipts/(Disbursements)	<u>(2,892,193)</u>	<u>124,000</u>	<u>367,927</u>	<u>2,400,266</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(1,952,640)</u>	<u>124,350</u>	<u>3</u>	<u>1,102,352</u>	<u>(725,935)</u>
Fund Cash Balances, January 1	<u>7,140,276</u>	<u>618</u>	<u>2,907</u>	<u>1,199,207</u>	<u>8,343,008</u>
Fund Cash Balances, December 31	<u>\$5,187,636</u>	<u>\$124,968</u>	<u>\$2,910</u>	<u>\$2,301,559</u>	<u>\$7,617,073</u>
Reserves for Encumbrances, December 31	<u>\$1,100,175</u>	<u>\$0</u>	<u>\$0</u>	<u>\$526,462</u>	<u>\$1,626,637</u>

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

**CLERMONT COUNTY PUBLIC LIBRARY
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Clermont County Public Library, Clermont County, Ohio (the Library), as a body corporate and politic. Clermont County appoints a seven-member Board of Trustees to govern the Library. 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 the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Investments

The Library's accounting basis includes investments as assets. Accordingly, the Library does not record investment purchases as disbursements or investment sales as receipts. The Library records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual fund reports.

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 accounts for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds 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 Fund:

**CLERMONT COUNTY PUBLIC LIBRARY
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Twenty-seventh Pay Fund - This fund receives money from the General Fund (in the form of an annual transfer) for the payment of a twenty-seventh payroll every ten years.

3. Debt Service Fund

The Debt Service Fund accounts for resources the Library accumulates to pay bond and note indebtedness:

Bond Retirement Fund – This fund receives money from the General Fund (in the form of a transfer) for the payment of notes.

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects. The Library had the following significant Capital Project Funds:

New Richmond Capital Project Fund – The fund receives proceeds in the prior years from the sale of notes to finance the improvement of the facilities at this Branch.

611 Plane Street Bethel Capital Projects Fund - The fund receives proceeds in the prior years from the sale of notes to finance the improvement of the facilities at this 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 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**CLERMONT COUNTY PUBLIC LIBRARY
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	2004	2003
Demand deposits	\$3,596,130	\$3,061,604
Certificates of deposit	0	21,209
Total deposits	3,596,130	3,082,813
US Bank Treasury Fund (Mutual Fund)	448,537	447,064
STAR Ohio	3,128,581	4,086,470
Cash:		
Petty Cash	225	225
Change Funds	500	500
Total investments and cash on hand	3,577,843	4,534,259
Total deposits, cash on hand, and investments	\$7,173,973	\$7,617,072

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities existing in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$8,883,062	\$8,282,295	\$600,767
Special Revenue	146,540	146,415	125
Debt Service	366,624	366,623	1
Capital Projects	2,526,249	2,246,826	279,423
Total	\$11,922,475	\$11,042,159	\$880,316

**CLERMONT COUNTY PUBLIC LIBRARY
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$10,844,501	\$10,531,385	\$313,116
Debt Service	367,927	367,924	3
Capital Projects	3,488,834	1,944,733	1,544,101
Total	\$14,701,262	\$12,844,042	\$1,857,220

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 State allocates LLGSF 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 the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

Property owners assess tangible personal property tax. These owners must file a list of tangible 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. DEBT

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
Library Fund Library Facilities Notes	\$3,075,070	5.98%

**CLERMONT COUNTY PUBLIC LIBRARY
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

5. DEBT (Continued)

The Library Fund Library Facilities Notes are to retire old debt and to finance the construction of the Owensville Library Branch and to improve the facilities at the facilities at the other Library Branches. The loans will be repaid in monthly installments, including interest, over 20 years collateralized solely by the Library's taxing authority. The Library Notes are a combination of previous 1996A and 1996B notes, which were combined to account for the Library's Notes per section 133.70 of the Ohio Revised Code.

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

Year ending December 31:	Library Fund Facilities Notes
2005	\$366,754
2006	364,261
2007	364,448
2008	363,329
2009	361,807
2010-2014	1,797,166
2015-2016	681,701
Total	\$4,299,466

6. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2004.

7. RISK MANAGEMENT

Commercial Insurance

The Clermont County 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 and dental and vision coverage to full-time employees through a private carrier.

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Clermont County Public Library
Clermont County
326 Broadway Street
Batavia, Ohio 45103

To the Board of Trustees:

We have audited the financial statements of the Clermont County Public Library, Clermont County, Ohio (the Library), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated May 3, 2006, wherein we noted the Library follows the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *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 to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Library's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as item 2004-001 and 2004-002.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all matters in the internal control that are also considered material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. In a separate letter to the Library's management dated May 3, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2004-001 and 2004-002. In a separate letter to the Library's management dated May 3, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

May 3, 2006

CLERMONT COUNTY PUBLIC LIBRARY
CLERMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2004-001

MATERIAL NONCOMPLIANCE/REPORTABLE CONDITION

Ohio Rev. Code, Section 5705.41(D)(1),* prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Library can authorize the drawing of a warrant for the payment of the amount due. The Library has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 (\$1,000 prior to April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Library.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Library may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Library did not properly certify the availability of funds for purchase commitments for six per cent and seventeen percent of expenditures tested, respectively, for 2004 and 2003 and neither of the exceptions above applied. Also, two purchased orders for 2004 totaling \$21,153.52 and two purchase orders for 2003 totaling \$3,520.79 were unrecorded at year end. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. Effort should be made by the Library to properly utilize the encumbrance method of accounting by certifying the availability of funds on properly approved purchase orders. We recommend the Library obtain approved purchase orders, which contain the Treasurer's certification indicated by a signature that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.

FINDING NUMBER 2004-002

MATERIAL NONCOMPLIANCE/REPORTABLE CONDITION

Ohio Rev. Code, Section 149.351, establishes guidelines against the destruction or damage of records. All records are the property of the public office and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under **Ohio Rev. Code, Section 149.38 to 149.42**. Failure to properly maintain proper documentation could result in unauthorized purchases. The Treasurer could not locate eighteen purchase orders out of the thirty requested for disbursement testing, representing thirty percent for each year respectively. Also, the Treasurer could not locate additional purchase orders requested for outstanding encumbrances, one for 2004 and three for 2003. We recommend the Treasurer maintain all proper documentation for each purchase.



**Auditor of State
Betty Montgomery**

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CLERMONT COUNTY PUBLIC LIBRARY

CLERMONT 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 30, 2006**