



**WESTERVILLE SCHOOL DISTRICT LIBRARY
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2010-2009



Dave Yost • Auditor of State

**WESTERVILLE SCHOOL DISTRICT LIBRARY
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

Westerville School District Library
Franklin County
126 South State St
Westerville, Ohio 43081

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 an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Library 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 adverse 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.

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Dave Yost
Auditor of State

July 15, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Westerville School District Library
Franklin County
126 South State St.
Westerville, Ohio 43081

To the Board of Trustees:

We have audited the accompanying financial statements of Westerville School District Library, Franklin County, Ohio (the Library) as of and for the years ended December 31, 2010 and 2009. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require Libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. 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 years ended December 31, 2010 and 2009 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, 2010 and 2009, or its changes in financial position for the years then ended.

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 Westerville School District Library, Franklin County, Ohio as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 July 15, 2011 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.



Dave Yost
Auditor of State

July 15, 2011

**WESTERVILLE SCHOOL DISTRICT LIBRARY
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>All Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 2,006,838	\$ -	\$ -	\$ 2,006,838
Public Library Funds	2,438,390	-	-	2,438,390
Patron Fines and Fees	263,398	-	-	263,398
Services Provided to Other Entities	26,000	-	-	26,000
Contributions, Gifts and Donations	12,001	-	-	12,001
Earnings on Investments	784	-	-	784
Miscellaneous	10,181	-	-	10,181
Total Cash Receipts	<u>4,757,592</u>	<u>-</u>	<u>-</u>	<u>4,757,592</u>
Cash Disbursements:				
Current:				
Salaries	2,089,630	-	-	2,089,630
Employee Fringe Benefits	734,672	-	-	734,672
Purchased and Contractual Services	727,261	1,050	-	728,311
Library Materials and Information	620,473	-	-	620,473
Supplies	110,184	-	-	110,184
Other	15,147	-	-	15,147
Capital Outlay	90,329	-	-	90,329
Debt Service:				
Redemption of Principal	185,000	-	-	185,000
Interest and Other Fiscal Charges	64,063	-	-	64,063
Total Cash Disbursements	<u>4,636,759</u>	<u>1,050</u>	<u>-</u>	<u>4,637,809</u>
Total Receipts Over/(Under) Disbursements	<u>120,833</u>	<u>(1,050)</u>	<u>-</u>	<u>119,783</u>
Fund Cash Balances, January 1	<u>333,708</u>	<u>1,050</u>	<u>711,674</u>	<u>1,046,432</u>
Fund Cash Balances, December 31	<u>\$ 454,541</u>	<u>\$ -</u>	<u>\$ 711,674</u>	<u>\$ 1,166,215</u>
Reserve for Encumbrances, December 31	<u>\$ 309,591</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 309,591</u>

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

**WESTERVILLE SCHOOL DISTRICT LIBRARY
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>All Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 1,879,500	\$ -	\$ -	\$ 1,879,500
Public Library Funds	2,595,473	-	-	2,595,473
Intergovernmental	110,348	-	-	110,348
Patron Fines and Fees	258,636	-	-	258,636
Services Provided to Other Entities	41,995	-	-	41,995
Contributions, Gifts and Donations	43,880	2,100	-	45,980
Earnings on Investments	601	-	615	1,216
Miscellaneous	20,830	-	-	20,830
Total Cash Receipts	4,951,263	2,100	615	4,953,978
Cash Disbursements:				
Current:				
Salaries	2,144,528	-	-	2,144,528
Employee Fringe Benefits	864,254	-	-	864,254
Purchased and Contractual Services	791,686	1,050	-	792,736
Library Materials and Information	601,971	-	-	601,971
Supplies	130,631	-	-	130,631
Other	16,791	-	-	16,791
Capital Outlay	68,947	-	63	69,010
Debt Service:				
Redemption of Principal	1,071,304	-	-	1,071,304
Interest and Other Fiscal Charges	16,262	-	-	16,262
Total Cash Disbursements	5,706,374	1,050	63	5,707,487
Total Receipts Over/(Under) Disbursements	(755,111)	1,050	552	(753,509)
Other Financing Receipts / (Disbursements):				
Proceeds of Notes	1,075,000	-	-	1,075,000
Transfers-In	19,496	-	20,000	39,496
Transfers-Out	(20,000)	-	(19,496)	(39,496)
Total Other Financing Receipts / (Disbursements)	1,074,496	-	504	1,075,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	319,385	1,050	1,056	321,491
Fund Cash Balances, January 1	14,323	-	710,618	724,941
Fund Cash Balances, December 31	\$ 333,708	\$ 1,050	\$ 711,674	\$ 1,046,432
Reserve for Encumbrances, December 31	\$ 48,287	\$ 1,050	\$ -	\$ 49,337

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

**WESTERVILLE SCHOOL DISTRICT LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

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 Westerville School District Library, Franklin County, Ohio (the Library) as a body corporate and politic. The Westerville City School District Board of Education appoints a 7 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. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting 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. Deposits and Investments

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

The Library values certificates of deposit at cost.

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

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

Target Grant Fund – This Special Revenue Fund received a grant from Target and expends the resources for the Library program “Read Like a Rock Star, Roar Like a Dinosaur.”

**WESTERVILLE SCHOOL DISTRICT LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

3. Capital Project Funds

This fund accounts for receipts restricted to acquiring or constructing major capital projects. The Library had the following Capital Projects Fund:

Building and Repair Fund – The monies maintained in this fund are to be used for improving, fixing and expanding the existing library facility.

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 2010 and 2009 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.

2. Equity in Pooled Deposits and Investments

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

	<u>2010</u>	<u>2009</u>
Demand deposits	1,166,215	1,046,432
Total deposits	<u>1,166,215</u>	<u>1,046,432</u>

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

**WESTERVILLE SCHOOL DISTRICT LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and December 31, 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	4,802,042	4,757,592	(44,450)
Capital Projects	1,000	0	(1,000)
Total	4,803,042	4,757,592	(45,450)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	4,978,326	4,946,350	31,976
Special Revenue	1,050	1,050	0
Capital Projects	691,675	0	691,675
Total	5,671,051	4,947,400	723,651

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	4,726,747	6,045,759	1,319,012
Special Revenue	0	2,100	2,100
Capital Projects	1,000	20,615	19,615
Total	4,727,747	6,068,474	1,340,727

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	5,907,716	5,774,661	133,055
Special Revenue	2,100	2,100	0
Capital Projects	712,871	19,559	693,312
Total	6,622,687	5,796,320	826,367

4. Grants-in-aid and Tax Receipts

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. The County Budget Commission bases the amount for distribution on the needs of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

**WESTERVILLE SCHOOL DISTRICT LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

4. Grants-in-aid and Tax Receipts (Continued)

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 Department of Taxation, Division 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 Intergovernmental Revenue. 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, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Library Facilities Advance Refunding Notes, Series 2009	<u>\$890,000</u>	5.35%
Total	<u><u>\$890,000</u></u>	

The Debt payments will be made from the General Fund. The proceeds of this debt refunding were used to refund the original 2004 debt LLGS Revenue Anticipation Notes for the renovation and construction of the Library annex.

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

Year ending December 31:	<u>Library Facilities Advance Refunding Note, Series 2009</u>
2011	\$252,615
2012	251,648
2013	255,145
2014	<u>252,840</u>
Total	<u><u>\$1,012,248</u></u>

**WESTERVILLE SCHOOL DISTRICT LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. Retirement Systems

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2010.

7. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omission

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

Westerville School District Library
Franklin County
126 S State St.
Westerville, Ohio 43081

To the Board of Trustees:

We have audited the financial statements of the Westerville School District Library, Franklin County, Ohio (the Library) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 15, 2011, wherein we noted the Library followed 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 as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Library's control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated July 15, 2011.

We intend this report solely for the information and use of management, the Board of Trustees, and others within the Library. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

July 15, 2011

WESTERVILLE SCHOOL DISTRICT LIBRARY
FRANKLIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Financial Reporting	No	Partially Corrected; re-issued as a management letter recommendation

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Dave Yost • Auditor of State

WESTERVILLE SCHOOL DISTRICT LIBRARY

FRANKLIN 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 23, 2011