



Auditor of State
Betty Montgomery

**BURTON PUBLIC LIBRARY
GEAUGA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Burton Public Library
Geauga County
14588 West Park Street, Box 427
Burton, Ohio 44021

To the Board of Trustees:

We have audited the accompanying financial statements of the Burton Public Library, Geauga County, Ohio, (the Library) as of and for the years ended December 31, 2003 and December 31, 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 described in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Burton Public Library, Geauga County, Ohio, as of December 31, 2003 and December 31, 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 May 5, 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 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

May 5, 2004

**BURTON PUBLIC LIBRARY
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
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	\$140,827		\$20,639		\$161,466
Other Government Grants-In-Aid	559,695				559,695
Patron Fines and Fees	27,127				27,127
Earnings on Investments	2,497	\$1,262		\$314	4,073
Contributions, Gifts and Donations	6,980	36,718			43,698
Miscellaneous Receipts	493				493
	<u>737,619</u>	<u>37,980</u>	<u>20,639</u>	<u>314</u>	<u>796,552</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Salaries and Benefits	502,684				502,684
Supplies	16,606	897			17,503
Purchased and Contracted Services	99,992	479			100,471
Library Materials & Information	106,744				106,744
Other	10,067				10,067
Capital Outlay	8,088	111,115		128,525	247,728
Debt Service:					
Redemption of Principal			15,000		15,000
Interest Payments and Other Financing Fees and Costs			5,639		5,639
	<u>744,181</u>	<u>112,491</u>	<u>20,639</u>	<u>128,525</u>	<u>1,005,836</u>
Total Cash Disbursements					
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(6,562)</u>	<u>(74,511)</u>	<u>0</u>	<u>(128,211)</u>	<u>(209,284)</u>
Other Financing Receipts/(Disbursements):					
Proceeds from Sale of Stock	2,168				2,168
Proceeds from Notes				150,000	150,000
Sale of Fixed Assets	112				112
	<u>2,280</u>	<u>0</u>	<u>0</u>	<u>150,000</u>	<u>152,280</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(4,282)	(74,511)	0	21,789	(57,004)
Fund Cash Balances, January 1, 2003	115,850	103,413	0	0	219,263
Fund Cash Balances, December 31, 2003	<u>\$111,568</u>	<u>\$28,902</u>	<u>\$0</u>	<u>\$21,789</u>	<u>\$162,259</u>

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

**BURTON PUBLIC LIBRARY
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
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>	
Cash Receipts:			
Property and Other Local Taxes	\$164,544		\$164,544
Other Government Grants-In-Aid	505,437		505,437
Patron Fines and Fees	28,167		28,167
Earnings on Investments	1,948		1,948
Contributions, Gifts and Donations	7,483	\$100,442	107,925
Miscellaneous Receipts	6,286		6,286
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	713,865	100,442	814,307
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Salaries and Benefits	485,314		485,314
Supplies	16,011	1,406	17,417
Purchased and Contracted Services	100,308		100,308
Library Materials & Information	99,876		99,876
Other	10,167		10,167
Capital Outlay	18,528	1,062	19,590
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	730,204	2,468	732,672
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(16,339)	97,974	81,635
	<hr/>	<hr/>	<hr/>
Other Financing Receipts/(Disbursements):			
Sale of Fixed Assets	87		87
Transfers-In		3,585	3,585
Transfers-Out	(3,585)		(3,585)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(3,498)	3,585	87
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(19,837)	101,559	81,722
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1, 2002	135,687	1,854	137,541
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31, 2002	<u>\$115,850</u>	<u>\$103,413</u>	<u>\$219,263</u>

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

**BURTON PUBLIC LIBRARY
GEAUGA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Burton Public Library, Geauga County, Ohio, (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 operates under the direction of a seven-member Board of Trustees appointed by the Berkshire Local School District Board of Education. 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 included in fund cash balances. 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.

The Library invested in STAR Ohio (State Treasurer's Investment Pool) for the audit period, and invested in an overnight Sweep Account until April, 2003. The Sweep Account is valued at cost and STAR Ohio is valued at amounts reported by the State Treasurer.

In 2003 the Library received a donation of stock and immediately converted the stock into cash.

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.

**BURTON PUBLIC LIBRARY
GEAUGA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 Fund:

Reading Garden - This fund is used for the installation and maintenance of the Reading Garden.

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:

Loan Re-Payment Fund – This fund is used for the payment of the principal and interest on the Library Facilities Notes.

4. Capital Project Fund

This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (except those financed through enterprise or trust funds). The Library had the following significant Capital Project Fund:

Capital Improvement Fund – This fund is used for the improving of the Library's facilities and site.

E. Budgetary Process

The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary expenditures 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.

**BURTON PUBLIC LIBRARY
GEAUGA 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 investment 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:

	2003	2002
Demand deposits	\$79,518	\$71,506
Petty Cash & Change Cash	195	195
Total deposits	79,713	71,701
Sweep Account - Repurchase Agreement	0	47,479
STAR Ohio	82,546	100,083
Total investments	82,546	147,562
Total deposits and investments	\$162,259	\$219,263

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 are not evidenced by securities that exist in physical or book-entry form. The Sweep Accounts 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.

3. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$872,430	\$744,181	\$128,249
Special Revenue	129,000	112,491	16,509
Debt Service	20,639	20,639	0
Capital Projects	150,000	128,525	21,475
Total	\$1,172,069	\$1,005,836	\$166,233

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$807,486	\$733,789	\$73,697
Special Revenue	103,213	2,468	100,745
Total	\$910,699	\$736,257	\$174,442

**BURTON PUBLIC LIBRARY
GEAUGA COUNTY**

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

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 with 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, 2003 was as follows:

	Principal	Interest Rate
Library Facilities Notes	135,000	4.620%

In 2003 the Library issued Library Facilities Notes to pay the costs of remodeling, renovating, furnishing, equipping and improving the Library's facilities and site.

	Library Facilities Notes
Year ending December 31:	
2004	\$21,254
2005	20,544
2006	19,854
2007	19,158
2008	18,474
2009-2012	66,929
Total	\$166,213

**BURTON PUBLIC LIBRARY
GEAUGA COUNTY**

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

6. 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.

7. RISK MANAGEMENT

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

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

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

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**Auditor of State
Betty Montgomery**

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

Burton Public Library
Geauga County
14588 West Park Street, Box 427
Burton, Ohio 44021

To the Board of Trustees:

We have audited the financial statements of the Burton Public Library, Geauga County, Ohio, (the Library) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated May 5, 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 performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated May 5, 2004.

Burton Public Library
Geauga County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

May 5, 2004



**Auditor of State
Betty Montgomery**

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800-282-0370

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BURTON PUBLIC LIBRARY

GEAUGA 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
JUNE 8, 2004**