



**Auditor of State
Betty Montgomery**

**RICHWOOD-NORTH UNION PUBLIC LIBRARY
UNION COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Richwood-North Union Public Library
Union County
4 East Ottawa Street
Richwood, Ohio 43344

To the Board of Trustees:

We have audited the accompanying financial statements of Richwood-North Union Public Library, Union 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 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 fund cash balances and reserves for encumbrances of the Library as of December 31, 2003, and December 31, 2002, and its 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 17, 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 Section § 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 17, 2004

**RICHWOOD-NORTH UNION PUBLIC LIBRARY
UNION COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Library Local Government Support	\$385,256	\$0	\$385,256
Patron Fines and Fees	7,004	0	7,004
Earnings on Investments	10,870	0	10,870
Contributions, Gifts and Donations	100	0	100
Miscellaneous	4,942	0	4,942
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	408,172	0	408,172
Cash Disbursements:			
Current:			
Salaries and Benefits	179,479	0	179,479
Supplies	4,185	0	4,185
Purchased and Contracted Services	49,810	0	49,810
Library Materials and Information	65,544	0	65,544
Other Objects	1,169	0	1,169
Debt Service:			
Redemption of Principal	5,876	0	5,876
Interest Payments and Other Financing Fees and Costs	8,005	0	8,005
Capital Outlay	185	190,527	190,712
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	314,253	190,527	504,780
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	93,919	(190,527)	(96,608)
Other Financing Receipts/(Disbursements):			
Proceeds of Notes	700,000	0	700,000
Transfers-In	0	700,000	700,000
Transfers-Out	(700,000)	0	(700,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	0	700,000	700,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	93,919	509,473	603,392
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	103,673	400,686	504,359
Fund Cash Balances, December 31	<hr/> \$197,592	<hr/> \$910,159	<hr/> \$1,107,751
Reserves for Encumbrances, December 31	<hr/>	<hr/>	<hr/>
	<u>\$2,000</u>	<u>\$80,000</u>	<u>\$82,000</u>

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

**RICHWOOD-NORTH UNION PUBLIC LIBRARY
UNION COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Library Local Government Support	\$389,101	\$0	\$389,101
Patron Fines and Fees	6,989	0	6,989
Earnings on Investments	9,733	0	9,733
Contributions, Gifts and Donations	395	0	395
Miscellaneous	1,957	0	1,957
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	408,175	0	408,175
Cash Disbursements:			
Current:			
Salaries and Benefits	172,922	0	172,922
Supplies	5,071	0	5,071
Purchased and Contracted Services	37,701	0	37,701
Library Materials and Information	64,482	0	64,482
Other Objects	973	0	973
Capital Outlay	481	224,314	224,795
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	281,630	224,314	505,944
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	126,545	(224,314)	(97,769)
Other Financing Receipts/(Disbursements):			
Transfers-In	0	150,000	150,000
Transfers-Out	(150,000)	0	(150,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(150,000)	150,000	0
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(23,455)	(74,314)	(97,769)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	127,128	475,000	602,128
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$103,673	\$400,686	\$504,359
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$30,864	\$0	\$30,864
	<hr/>	<hr/>	<hr/>

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

**RICHWOOD-NORTH UNION PUBLIC LIBRARY
UNION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Richwood-North Union Public Library, Union 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 is directed by a seven-member Board of Trustees appointed by the Board of Education of the North Union Local School District. The Library provides the community with various educational and literary resources.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. Money market mutual funds (including Star Ohio) are recorded at share values reported by the mutual fund.

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects.

**MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY
UNION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary expenditures (that is disbursements and encumbrances) may not exceed appropriations at the fund, function 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.

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	\$1,065,964	\$125,513
Certificate of Deposit	0	75,000
Cash on Hand	50	50
Total deposits	1,066,014	200,563
STAR Ohio	41,737	303,796
Total investments	41,737	303,796
Total deposits and investments	\$1,107,751	\$504,359

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

**MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY
UNION COUNTY**

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

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	\$477,264	\$1,016,253	(\$538,989)
Capital Projects	400,686	270,527	130,159
Total	\$877,950	\$1,286,780	(\$408,830)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$556,387	\$462,494	\$93,893
Capital Projects	475,000	224,314	250,686
Total	\$1,031,387	\$686,808	\$344,579

At December 31, 2003, expenditures exceeded appropriations in the General fund by \$ 538,989.

4. GRANTS-IN-AID

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
Library Facilities Notes	\$694,124	Variable 3.5% to 5.5%

In 2003, the Board authorized the issuance of \$700,000 in notes in anticipation of Library and Local Government Fund receipts. The purpose of the notes was to fund the costs of acquiring, constructing, installing, and equipping certain improvements to the facilities of the Library.

**MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY
UNION COUNTY**

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

5. DEBT (Continued)

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

Year ending December 31:	Library Facilities Notes
2004	\$38,548
2005	42,052
2006	42,052
2007	42,052
2008	42,052
2009-2013	211,029
2014-2018	225,000
2019-2023	225,277
2024-2028	219,003
Total	\$1,087,065

6. RETIREMENT SYSTEM

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

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

7. RISK MANAGEMENT

The Richwood-North Union Public Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions;
- Public officials liability; and
- The Library provides health insurance to full-time employees through the North Union Local School District.



**Auditor of State
Betty Montgomery**

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

Richwood-North Union Public Library
Union County
4 East Ottawa Street
Richwood, Ohio 43344

To the Board of Trustees:

We have audited the accompanying financial statements of Richwood-North Union Public Library, Union 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 17, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2003-001.

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 17, 2004.

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Richwood-North Union Public Library
Union County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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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

May 17, 2004

**RICHWOOD-NORTH UNION PUBLIC LIBRARY
UNION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Administrative Code Section 117-8-02 states the Library's legislative body shall adopt appropriation measures. These measures establish the legal level of control. The legal level of control is the level (e.g., fund, program or function, department, object level) at which spending in excess of budgeted amounts would be a violation of law. This is established by the level at which the legislative body appropriates.

On January 8, 2003, the Library Board of Trustees adopted an appropriation measure. At December 31, 2003, expenditures exceeded appropriations in the General fund by \$538,989 (113% of approved appropriations). This variance reflects the level at which the legislative body appropriations has been exceeded.

We recommend the Library monitor appropriations to ensure expenditures do not exceed Board approved appropriation amounts.

**RICHWOOD-NORTH UNION PUBLIC LIBRARY
UNION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 and 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-60680-001	Revised Code 135.18	Yes	Fully Corrected



**Auditor of State
Betty Montgomery**

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RICHWOOD-NORTH UNION PUBLIC LIBRARY

UNION 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 24, 2004**