



**Auditor of State
Betty Montgomery**

**TWINSBURG PUBLIC LIBRARY
SUMMIT COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORTS

Twinsburg Public Library
Summit County
10050 Ravenna Road
Twinsburg, Ohio 44087

To the Board of Trustees:

We have audited the accompanying financial statements of the Twinsburg Public Library, Summit County, Ohio, (the Library) as of and for the years ended December 31, 2003, and 2002. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Library as of December 31, 2003, and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 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, 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

March 27, 2004

**TWINSBURG PUBLIC LIBRARY
SUMMIT 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>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$746,611			\$746,611
Other Government Grants-In-Aid	1,273,261			1,273,261
Patron Fines and Fees	60,379			60,379
Earnings on Investments	310		\$33,352	33,662
Contributions, Gifts and Donations	2,014		30,950	32,964
Miscellaneous	1,888			1,888
Total Cash Receipts	<u>2,084,463</u>		<u>64,302</u>	<u>2,148,765</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	1,095,890			1,095,890
Purchased and Contracted Services	191,370		51,973	243,343
Other Objects	444,728			444,728
Debt Service:				
Redemption of Principal		\$81,000		81,000
Interest Payments and Other Financing Fees and Costs		42,825		42,825
Capital Outlay	40,561		2,060,267	2,100,828
Total Cash Disbursements	<u>1,772,549</u>	<u>123,825</u>	<u>2,112,240</u>	<u>4,008,614</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>311,914</u>	<u>(123,825)</u>	<u>(2,047,938)</u>	<u>(1,859,849)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		249,560		249,560
Transfers-Out	(249,560)			(249,560)
Total Other Financing Receipts/(Disbursements)	<u>(249,560)</u>	<u>249,560</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>62,354</u>	<u>125,735</u>	<u>(2,047,938)</u>	<u>(1,859,849)</u>
Fund Cash Balances, January 1	<u>203,378</u>		<u>2,629,751</u>	<u>2,833,129</u>
Fund Cash Balances, December 31	<u>\$265,732</u>	<u>\$125,735</u>	<u>\$581,813</u>	<u>\$973,280</u>
Reserves for Encumbrances, December 31	<u>\$78,838</u>	<u>\$0</u>	<u>\$366,644</u>	<u>\$445,482</u>

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

**TWINSBURG PUBLIC LIBRARY
SUMMIT COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$1,195,122			\$1,195,122
Other Government Grants-In-Aid	1,303,992	\$5,795		1,309,787
Patron Fines and Fees	59,891			59,891
Earnings on Investments	6,809		\$18,882	25,691
Contributions, Gifts and Donations	5,225		1,225	6,450
Miscellaneous	1,907			1,907
	<u>2,572,946</u>	<u>5,795</u>	<u>20,107</u>	<u>2,598,848</u>
Total Cash Receipts				
	<u>2,572,946</u>	<u>5,795</u>	<u>20,107</u>	<u>2,598,848</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	1,047,909			1,047,909
Purchased and Contracted Services	223,133	5,152	171,821	400,106
Other Objects	530,140	8,076		538,216
Debt Service:				
Interest Payments and Other Financing Fees and Costs			17,000	17,000
Capital Outlay	65,684	7,175		72,859
	<u>1,866,866</u>	<u>20,403</u>	<u>188,821</u>	<u>2,076,090</u>
Total Cash Disbursements				
	<u>1,866,866</u>	<u>20,403</u>	<u>188,821</u>	<u>2,076,090</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>706,080</u>	<u>(14,608)</u>	<u>(168,714)</u>	<u>522,758</u>
Other Financing Receipts/(Disbursements):				
Proceeds of Notes			1,000,000	1,000,000
Transfers-In			750,000	750,000
Transfers-Out	(750,000)			(750,000)
	<u>(750,000)</u>		<u>1,750,000</u>	<u>1,000,000</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(750,000)</u>		<u>1,750,000</u>	<u>1,000,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(43,920)</u>	<u>(14,608)</u>	<u>1,581,286</u>	<u>1,522,758</u>
Fund Cash Balances, January 1	<u>247,298</u>	<u>14,608</u>	<u>1,048,465</u>	<u>1,310,371</u>
Fund Cash Balances, December 31	<u>\$203,378</u>	<u>\$0</u>	<u>\$2,629,751</u>	<u>\$2,833,129</u>
Reserves for Encumbrances, December 31	<u>\$73,141</u>	<u>\$0</u>	<u>\$37,523</u>	<u>\$110,664</u>

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

**TWINSBURG PUBLIC LIBRARY
SUMMIT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Twinsburg Public Library, Summit County, (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. A seven-member Board of Trustees appointed by Twinsburg City School District's Board of Education directs the Library. The Library provides the community with various educational and literary resources.

The Twinsburg Public Library Foundation, Inc. (the Foundation) is a not-for-profit corporation created under Section 1702 of the Ohio Revised Code. The Foundation is organized exclusively for charitable, educational, and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 and to operate exclusively for the benefit of the Twinsburg Public Library and to further the Library's charitable purposes. A Board of Trustees consisting of 11 interested persons residing in the State of Ohio manages the Foundation's affairs. Currently two Library Trustees serve on the Foundation's Board to assist in the establishment of the Foundation. The Foundation is a component unit of the Library, as the Foundation operates exclusively for the benefit of the Library under the criteria of Governmental Accounting Standards Board Statement No. 14. Financial information can be obtained from the Foundation c/o Eileen Holloway at 10050 Ravenna Road, Twinsburg, Ohio 44087.

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 included in the 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.

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund. The overnight repurchase agreement is recorded at the bank balances reported on December 31, 2003 and 2002.

**TWINSBURG PUBLIC LIBRARY
SUMMIT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

This fund was 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's only Special Revenue Fund was the LSTA Grant Fund that received money from the State Library of Ohio to purchase library reference material. The grant was completed in 2002.

3. Debt Service Funds

The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness. The Debt Service Fund was used primarily for the payment of principal and interest on the OASBO note.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant Capital Project Funds:

Building and Repair Fund - This fund received money for the repairs, additions and renovation of the Library.

Construction Fund - This fund received money from the OASBO note and was used for the construction and furnishing of the addition and renovation of the Library.

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 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.

**TWINSBURG PUBLIC LIBRARY
SUMMIT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	2003	2002
Demand deposits	\$256,138	\$194,478
FIFTH THIRD BISSELL ACCT	5,075	5,023
FIFTH THIRD BANK RETAINAGE ACCT	89,566	
NCB OASBO ACCT	85,768	983,000
Total deposits	436,547	1,182,501
STAR Ohio	204,684	386,265
FIFTH THIRD BANK SWEEP ACCT	332,049	1,264,363
Total investments	536,733	1,650,628
Total deposits and investments	\$973,280	\$2,833,129

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

Investments: Investments in STAR Ohio and Fifth Third Bank Sweep account are not evidenced by securities that exist in physical or book-entry form.

The Library's financial institution transfers the securities to the Library's agent to collateralize repurchase agreements. The securities are not in the Library's name.

**TWINSBURG PUBLIC LIBRARY
SUMMIT 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 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,294,462	\$2,100,947	\$193,515
Debt Service	124,310	123,825	485
Capital Projects	2,669,751	2,478,884	190,867
Total	\$5,088,523	\$4,703,656	\$384,867

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,818,130	\$90,007	\$2,728,123
Special Revenue	20,403	20,403	0
Capital Projects	1,067,465	226,344	841,121
Total	\$3,905,998	\$336,754	\$3,569,244

4. GRANTS-IN-AID AND TAX RECEIPTS

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

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

**TWINSBURG PUBLIC LIBRARY
SUMMIT COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
OASBO Note	\$919,000	4.27%

In order to provide financing for an expansion and renovation of the existing Library the Board of Trustees secured a note from the OASBO Expanded Asset Pooled Financing Program for \$1,000,000 in December 2002. Pursuant to Section 3375.40 of the Ohio Revised Code the notes were issued based on anticipation of the Library and Local Government Service Fund monies.

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

	OASBO Note
Year ending December 31:	
2004	\$125,241
2005	125,569
2006	124,726
2007	124,755
2008	125,613
2009 – 2012	500,148
Total	\$1,126,052

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 for 2003 and 2002. The Library has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Commercial Insurance

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

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

The Library also provides health insurance 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**

Twinsburg Public Library
Summit County
10050 Ravenna Road
Twinsburg, Ohio 44087

To the Board of Trustees:

We have audited the accompanying financial statements of the Twinsburg Public Library, Summit County, Ohio, (the Library) as of and for the years ended December 31, 2003, and 2002, and have issued our report thereon dated March 27, 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*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated March 27, 2004.

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.

This report is intended solely for the information and use of the audit committee, management and 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

March 27, 2004



**Auditor of State
Betty Montgomery**

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TWINSBURG PUBLIC LIBRARY

SUMMIT 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 11, 2004**