



**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**



**Mary Taylor, CPA**  
Auditor of State



**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Westerville School District Library, Franklin County, Ohio (the Library), as of and for the years then ended December 31, 2006 and December 31, 2005, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Westerville School District Library, Franklin County, Ohio, as of December 31, 2006 and December 31, 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2007, 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.

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Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

October 17, 2007

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005  
(UNAUDITED)**

The discussion and analysis of the Westerville School District Library's financial performance provides an overview of the Library's financial activities for the years ended December 31, 2006 and December 31, 2005, within the limitations of the Board's cash basis of accounting. The intent of this discussion and analysis is to look at the Library's performance as a whole.

**Financial Highlights**

**Key** financial highlights for 2006 and 2005 are as follows:

- For fiscal year 2006, net assets of the Library decreased \$951,814. For fiscal year 2005, net assets of the Library decreased \$2,053,949.
- For fiscal year 2006, general receipts accounted for \$4,929,127 or 95% of all receipts. Program cash receipts in the form of charges for services or operating grants and contributions accounted for \$251,909 or 5% of total receipts. For fiscal year 2005, general receipts account for \$4,990,158 or 95% of all receipts. Program cash receipts accounted for \$239,045 or 5%.
- For fiscal year 2006, the Library had \$6,132,850 in cash disbursements related to governmental activities; \$251,909 of these cash disbursements were offset by program specific charges for services, grants and contributions. For fiscal year 2005, the Library had \$7,283,152 in cash disbursements related to governmental activities; \$239,045 of these cash disbursements were offset by program specific charges for services, grants and contributions.

**Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Westerville School Library's financial position. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis provide information about the activities of the Library as a whole, presenting an aggregate view of the Board's finances. Governmental financial statements provide the next level of detail. These statements tell how services were financed as well as what remains for future spending. Governmental financial statements report the Library's most significant funds individually and the Library's non-major funds in a single column. The Library's major funds are the General Fund, Building Fund and the Permanent Improvement Fund.

***Reporting the Library as a Whole***

*Statement of Net Assets- Cash Basis and Statement of Activities – Cash Basis*

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis reflect how the Library did financially during the year. These two statements report the Library's net assets and changes in those assets. The change in net assets is important because it tells the reader whether the financial position of the Library as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. These factors must be considered when assessing the overall health of the Library.

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005  
(UNAUDITED)  
(Continued)**

In the Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis, the Library presents a single type of activity, governmental activities. All of the Library's programs and services are reported here, including library services, support services, capital outlay, and debt service. These services are primarily funded by intergovernmental grants and entitlements and property tax revenues.

**Reporting the Library's Most Significant Funds**

*Fund Financial Statements*

The analysis of the Library's major funds begins on pages 13 and 18. Fund financial statements provide detailed information about the Library's major funds. The Library uses several funds to account for its financial transactions. However, these fund financial statements focus on the Library's most significant funds. The Library's major governmental funds are the General Fund, Building Fund and Permanent Improvement Fund.

**Governmental Funds** The Library's activities are reported in the governmental financial statements, which focus on how the money flows into and out of the funds as well as balances available for spending in future periods. The funds are reported on a cash basis of accounting. Government financial statements help the user to determine whether there are more or fewer financial resources that can be spent to finance library programs.

**The Library as a Whole**

Recall that the Statement of Net Assets – Cash Basis provides the perspective for the Library as a whole. Table 1 provides a comparative summary of the Library's net assets for 2006, 2005, and 2004.

**Table 1  
Net Assets – Cash Basis**

	<b>Governmental Activities</b>		
	2006	2005	2004
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	948,698	1,900,512	3,954,461
Total Assets	948,698	1,900,512	3,954,461
<b>Net Assets</b>			
Restricted	936,171	1,697,317	2,787,349
Unrestricted	12,527	203,195	1,167,112
Total Net Assets	948,698	1,900,512	3,954,461

In 2006 total assets decreased \$951,814 or approximately 50 percent from 2005. This decrease can be attributed to a construction project adding approximately 10,000 sq. feet to the existing library.

In 2005 total assets decreased \$2,053,949 or 52 percent from 2004. This decrease can be attributed to a construction project adding approximately 10,000 sq. feet to the existing library.



**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005  
(UNAUDITED)  
(Continued)**

Table 2 shows the changes in net assets for the years ended December 31, 2006 and December 31, 2005,

**Table 2  
Changes in Net Assets**

	Governmental Activities		
	2006	2005	2004
<b>Receipts:</b>			
Program Cash Receipts			
Charges for Services and Sales	\$ 219,871	\$ 234,270	\$ 232,356
Operating Grants & Contributions	32,038	4,775	586,556
<b>Total Program Cash Receipts</b>	<u>251,909</u>	<u>239,045</u>	<u>818,912</u>
General Receipts			
Property and Other Local Taxes	1,595,007	1,613,974	1,494,056
Grants and Entitlements Not Restricted to Specific Programs	3,209,373	3,223,590	2,647,565
Unrestricted Gifts and Contributions	1,830	1,860	-
Interest	81,806	115,674	48,373
Miscellaneous	41,111	35,060	13,018
<b>Total General Receipts</b>	<u>4,929,127</u>	<u>4,990,158</u>	<u>4,203,012</u>
<b>Total Receipts</b>	<u>5,181,036</u>	<u>5,229,203</u>	<u>5,021,924</u>
<b>Disbursements:</b>			
Library Services:			
Public Service and Programs	2,809,387	2,739,122	2,675,434
Collection Development and Processing	756,336	740,690	725,386
Support Services:			
Facilities Operation and Maintenance	1,175,866	1,103,967	1,159,817
Business Administration	14,725	30,022	13,963
Capital Outlay	835,106	2,133,721	648,416
Debt Service:			
Principal Retirement	475,000	460,000	435,000
Interest and Fiscal Charges	66,430	75,630	107,755
<b>Total Disbursements</b>	<u>6,132,850</u>	<u>7,283,152</u>	<u>5,765,771</u>
Change in Net Assets	<u>(951,814)</u>	<u>(2,053,949)</u>	<u>(743,847)</u>
Net Assets Beginning of Year	1,900,512	3,954,461	4,698,308
Net Assets End of Year	<u>\$ 948,698</u>	<u>\$ 1,900,512</u>	<u>\$ 3,954,461</u>

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005  
(UNAUDITED)  
(Continued)**

During fiscal year 2006, the decrease in capital outlay was due to the completion of the library addition in 2006.

During fiscal year 2005 interest shows a significant increase due to the permanent improvement funds invested in CD's during the construction project. During fiscal year 2005, capital outlay showed a significant increase. These changes are largely because of architect fees and construction payments for the library addition.

In 2006, general receipts represented 95 percent of the Library's overall receipts. In 2005 the general receipts represented 95 percent of the Library's overall receipts. General receipts in both 2006 and 2005 were made up almost entirely of the Library and Local Government Support Fund monies and property taxes. Since Library and Local Government Support Fund monies are provided by the State, it can be seen how any decreases in this funding source could have a substantial impact on the services the Library can provide.

Other than disbursements related to the new construction of the additional 10,000 sq. feet of the library, the remaining disbursements have been fairly flat with only less than 5 percent increase in disbursement in 2006 and 2005. This can be attributed to the uncertainty in the State budget and the Boards's conservative approach in spending in reaction to the State budget.

The Statement of Activities – Cash Basis shows the cost of program services and the charges for services and operating grants and contributions offsetting those services. Table 3 shows the total of the services and the net cost of services. The net cost of services identifies the cost of those services that are required to be supported from general revenues.

**Table 3  
Governmental Activities**

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
Library Services:				
Public Service and Programs	\$ 2,809,387	\$ 2,557,478	\$ 2,739,122	\$ 2,503,117
Collection and Development Processing	756,336	756,336	740,690	740,690
Support Services:				
Facilities Operating and Maintenance	1,175,866	1,175,866	1,103,967	1,103,967
Business Administration	14,725	14,725	30,022	30,022
Capital Outlay	835,106	835,106	2,133,721	2,130,681
Debt Service:				
Principal Retirement	475,000	475,000	460,000	460,000
Interest and Fiscal Charges	66,430	66,430	75,630	75,630
<b>Total Disbursements</b>	<b>\$ 6,132,850</b>	<b>\$ 5,880,941</b>	<b>\$ 7,283,152</b>	<b>\$ 7,044,107</b>

**General Fund Budgeting Highlights**

During the course of 2006 the Library amended both its appropriations, but not estimated receipts. The budgetary statement reflects both the original and final amounts appropriated. There were no significant modifications made throughout 2006.

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005  
(UNAUDITED)  
(Continued)**

During the course of 2005 the Library amended both its appropriations, but not estimated receipts. The budgetary statement reflects both the original and final amounts appropriated. There were no significant modifications made throughout 2005.

The Library's budget is prepared according to Ohio law and is based on accounting for certain transactions on a cash basis of accounting. Normally the Library's most significant budgeted fund is the General Fund, however in 2005 the Permanent Improvement Fund was be the larger part of the budget due to the library addition expenditures.

Due to the certainty of the majority of the Library's funding, Local Library Government Service Funding (LLGSF), there is no major budget versus actual variances in regards to revenues. The minimal total expenditure variances were largely the result of expenditures related to the new construction addition of the library.

***Debt***

At December 31, 2006, the Library's outstanding debt issue totaled \$2,025,000. LLGSF Anticipation Notes were issued to fund construction and renovation to the Library. For further information regarding the Library's debt, refer to Note 9 to the basic financial statements.

**Economic Factors**

Funding from the State of Ohio for the Library and Local Government Support Fund has been stagnant in 2005 and 2006. The Library and Local Government Support Fund is frozen through the end of the biennium (June 2007). The Board has requested that we accrue funds to make sure we have adequate funds to meet the retirement of our debt incurred to finance the addition to the Library.

The Library will be challenged to continue to maintain the current level of services and programs due to the Library and Local Government Support Fund being frozen. The Board and Library administration must maintain careful financial planning and prudent fiscal management in order to provide services needed and balance the budget annually.

**Contacting the Library's Financial Management**

The financial report is designed to provide a general overview of the Library's finances and to show the Library's accountability for the money it receives to all those interested in the Library's financial well being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Norma Ekleberry, Clerk-Treasurer, 126 South State St., Westerville, Ohio 43081.

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WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2006

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 948,698
<i>Total Assets</i>	<u>\$ 948,698</u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$ 936,171
Unrestricted	<u>12,527</u>
<i>Total Net Assets</i>	<u>\$ 948,698</u>

See accompanying notes to the basic financial statements

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Library Services:				
Public Service and Programs	\$ 2,809,387	\$ 219,871	\$ 32,038	\$ (2,557,478)
Collection Development and Processing	756,336	-	-	(756,336)
Support Services:				
Facilities Operation and Maintenance	1,175,866	-	-	(1,175,866)
Business Administration	14,725	-	-	(14,725)
Capital Outlay	835,106	-	-	(835,106)
Debt Service:				
Principal Retirement	475,000	-	-	(475,000)
Interest and Fiscal Charges	66,430	-	-	(66,430)
<i>Total Governmental Activities</i>	<u>\$ 6,132,850</u>	<u>\$ 219,871</u>	<u>\$ 32,038</u>	<u>(5,880,941)</u>
		<b>General Receipts</b>		
				1,592,444
				2,563
				1,830
				3,209,373
				81,806
				41,111
				<u>4,929,127</u>
				(951,814)
				<u>1,900,512</u>
				<u>\$ 948,698</u>

See accompanying notes to the basic financial statements

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2006**

	<u>General</u>	<u>Building Fund</u>	<u>Permanent Improvement Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 12,527	\$ 936,109	\$ 62	\$ 948,698
<i>Total Assets</i>	<u>\$ 12,527</u>	<u>\$ 936,109</u>	<u>\$ 62</u>	<u>\$ 948,698</u>
<b>Fund Balances</b>				
Reserved:				
Reserved for Encumbrances	\$ 9,123	\$ -	\$ -	\$ 9,123
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	3,404	-	-	3,404
Capital Projects Funds	-	936,109	62	936,171
<i>Total Fund Balances</i>	<u>\$ 12,527</u>	<u>\$ 936,109</u>	<u>\$ 62</u>	<u>\$ 948,698</u>

See accompanying notes to the basic financial statements

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Building Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$ 1,595,007	\$ -	\$ -	\$ -	\$ 1,595,007
Intergovernmental	3,209,373	-	-	-	3,209,373
Patron Fines and Fees	199,871	-	-	-	199,871
Services Provided to Other Entities	20,000	-	-	-	20,000
Contributions, Gifts and Donations	33,868	-	-	-	33,868
Earnings on Investments	26,750	50,495	4,052	509	81,806
Miscellaneous	33,348	-	7,763	-	41,111
<i>Total Receipts</i>	<u>5,118,217</u>	<u>50,495</u>	<u>11,815</u>	<u>509</u>	<u>5,181,036</u>
<b>Disbursements</b>					
Current:					
Library Services:					
Public Service and Programs	2,809,387	-	-	-	2,809,387
Collection Development and Processing	756,336	-	-	-	756,336
Support Services:					
Facilities Operation and Maintenance	1,153,991	-	21,696	179	1,175,866
Business Administration	14,725	-	-	-	14,725
Capital Outlay	269,076	-	565,951	79	835,106
Debt Service:					
Principal Retirement	475,000	-	-	-	475,000
Interest and Fiscal Charges	66,430	-	-	-	66,430
<i>Total Disbursements</i>	<u>5,544,945</u>	<u>-</u>	<u>587,647</u>	<u>258</u>	<u>6,132,850</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(426,728)</u>	<u>50,495</u>	<u>(575,832)</u>	<u>251</u>	<u>(951,814)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	236,060	-	-	-	236,060
Transfers Out	-	(103,000)	-	(133,060)	(236,060)
<i>Total Other Financing Sources (Uses)</i>	<u>236,060</u>	<u>(103,000)</u>	<u>-</u>	<u>(133,060)</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	<u>(190,668)</u>	<u>(52,505)</u>	<u>(575,832)</u>	<u>(132,809)</u>	<u>(951,814)</u>
<i>Fund Balances Beginning of Year</i>	<u>203,195</u>	<u>988,614</u>	<u>575,894</u>	<u>132,809</u>	<u>1,900,512</u>
<i>Fund Balances End of Year</i>	<u>\$ 12,527</u>	<u>\$ 936,109</u>	<u>\$ 62</u>	<u>\$ -</u>	<u>\$ 948,698</u>

See accompanying notes to the basic financial statements



**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 1,580,274	\$ 1,580,274	\$ 1,595,007	\$ 14,733
Intergovernmental	3,221,041	3,221,041	3,209,373	(11,668)
Patron Fines and Fees	198,500	198,500	199,871	1,371
Services Provided to Other Entities	20,000	20,000	20,000	-
Contributions, Gifts and Donations	10,000	10,000	33,868	23,868
Earnings on Investments	21,000	21,000	26,750	5,750
Miscellaneous	5,000	5,000	33,348	28,348
<i>Total Receipts</i>	<u>5,055,815</u>	<u>5,055,815</u>	<u>5,118,217</u>	<u>62,402</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Service and Programs	2,786,890	2,803,312	2,809,387	(6,075)
Collection Development and Processing	801,282	793,719	764,551	29,168
Support Services:				
Facilities Operation and Maintenance	971,393	1,021,717	1,154,899	(133,182)
Business Administration	14,350	15,154	14,725	429
Capital Outlay	316,248	256,261	269,076	(12,815)
Debt Service:				
Redemption of Principal	475,000	475,000	475,000	-
Interest	66,430	66,430	66,430	-
<i>Total Disbursements</i>	<u>5,431,593</u>	<u>5,431,593</u>	<u>5,554,068</u>	<u>(122,475)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(375,778)</u>	<u>(375,778)</u>	<u>(435,851)</u>	<u>(60,073)</u>
<b>Other Financing Sources</b>				
Transfers In	-	-	236,060	236,060
<i>Net Change in Fund Balance</i>	(375,778)	(375,778)	(199,791)	175,987
<i>Fund Balance Beginning of Year</i>	130,034	130,034	130,034	-
Prior Year Encumbrances Appropriated	73,162	73,162	73,162	-
<i>Fund Balance End of Year</i>	<u>\$ (172,582)</u>	<u>\$ (172,582)</u>	<u>\$ 3,405</u>	<u>\$ 175,987</u>

See accompanying notes to the basic financial statements

WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2005

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 1,900,512</u>
<i>Total Assets</i>	<u><u>\$ 1,900,512</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$ 1,564,508
Other Purposes	132,809
Unrestricted	<u>203,195</u>
<i>Total Net Assets</i>	<u><u>\$ 1,900,512</u></u>

See accompanying notes to the basic financial statements

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Library Services:				
Public Service and Programs	\$ 2,739,122	\$ 234,270	\$ 1,735	\$ (2,503,117)
Collection Development and Processing	740,690	-	-	(740,690)
Support Services:				
Facilities Operation and Maintenance	1,103,967	-	-	(1,103,967)
Business Administration	30,022	-	-	(30,022)
Capital Outlay	2,133,721	-	3,040	(2,130,681)
Debt Service:				
Principal Retirement	460,000	-	-	(460,000)
Interest and Fiscal Charges	75,630	-	-	(75,630)
<b>Total Governmental Activities</b>	<b>\$ 7,283,152</b>	<b>\$ 234,270</b>	<b>\$ 4,775</b>	<b>(7,044,107)</b>
<b>General Receipts</b>				
				1,611,634
Property Taxes Levied for General Purposes				2,340
Other Local Taxes				1,860
Unrestricted Gifts and Contributions				3,223,590
Grants and Entitlements not Restricted to Specific Programs				115,674
Interest				35,060
Miscellaneous				
<b>Total General Receipts</b>				<b>4,990,158</b>
Change in Net Assets				(2,053,949)
Net Assets Beginning of Year				3,954,461
Net Assets End of Year				<b>\$ 1,900,512</b>

See accompanying notes to the basic financial statements

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2005**

	General	Building Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 203,195	\$ 988,614	\$ 575,894	\$ 132,809	\$ 1,900,512
<i>Total Assets</i>	<u>\$ 203,195</u>	<u>\$ 988,614</u>	<u>\$ 575,894</u>	<u>\$ 132,809</u>	<u>\$ 1,900,512</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	\$ 73,162	\$ -	\$ 547,827	\$ 81	\$ 621,070
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	130,033	-	-	-	130,033
Special Revenue Funds	-	-	-	132,728	132,728
Capital Projects Funds	-	988,614	28,067	-	1,016,681
<i>Total Fund Balances</i>	<u>\$ 203,195</u>	<u>\$ 988,614</u>	<u>\$ 575,894</u>	<u>\$ 132,809</u>	<u>\$ 1,900,512</u>

See accompanying notes to the basic financial statements

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	General	Building Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$ 1,613,974	\$ -	\$ -	\$ -	\$ 1,613,974
Intergovernmental	3,223,590	-	-	-	3,223,590
Patron Fines and Fees	234,270	-	-	-	234,270
Contributions, Gifts and Donations	3,595	-	-	3,040	6,635
Earnings on Investments	20,658	27,179	63,634	4,203	115,674
Miscellaneous	35,060	-	-	-	35,060
<i>Total Receipts</i>	<u>5,131,147</u>	<u>27,179</u>	<u>63,634</u>	<u>7,243</u>	<u>5,229,203</u>
<b>Disbursements</b>					
Current:					
Library Services:					
Public Service and Programs	2,739,122	-	-	-	2,739,122
Collection Development and Processing	738,740	-	-	1,950	740,690
Support Services:					
Facilities Operation and Maintenance	990,037	-	110,860	3,070	1,103,967
Business Administration	27,929	-	1,843	250	30,022
Capital Outlay	102,171	-	2,031,325	225	2,133,721
Debt Service:					
Principal Retirement	460,000	-	-	-	460,000
Interest and Fiscal Charges	75,630	-	-	-	75,630
<i>Total Disbursements</i>	<u>5,133,629</u>	<u>-</u>	<u>2,144,028</u>	<u>5,495</u>	<u>7,283,152</u>
<i>Net Change in Fund Balances</i>	(2,482)	27,179	(2,080,394)	1,748	(2,053,949)
<i>Fund Balances Beginning of Year</i>	<u>205,677</u>	<u>961,435</u>	<u>2,656,288</u>	<u>131,061</u>	<u>3,954,461</u>
<i>Fund Balances End of Year</i>	<u>\$ 203,195</u>	<u>\$ 988,614</u>	<u>\$ 575,894</u>	<u>\$ 132,809</u>	<u>\$ 1,900,512</u>

See accompanying notes to the basic financial statements

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 1,548,944	\$ 1,548,944	\$ 1,613,974	\$ 65,030
Intergovernmental	3,333,630	3,333,630	3,223,590	(110,040)
Patron Fines and Fees	220,200	220,200	234,270	14,070
Contributions, Gifts and Donations	12,400	12,400	3,595	(8,805)
Earnings on Investments	7,000	7,000	20,658	13,658
Miscellaneous	1,000	1,000	35,060	34,060
<i>Total Receipts</i>	5,123,174	5,123,174	5,131,147	7,973
<b>Disbursements</b>				
Current:				
Library Services:				
Public Service and Programs	2,769,698	2,738,155	2,739,236	(1,081)
Collection Development and Processing	752,015	751,467	770,707	(19,240)
Support Services:				
Facilities Operation and Maintenance	912,696	1,001,275	1,013,804	(12,529)
Business Administration	13,563	27,011	27,929	(918)
Capital Outlay	283,649	303,255	119,485	183,770
Debt Service:				
Redemption of Principal	460,000	460,000	460,000	-
Interest	75,630	75,630	75,630	-
<i>Total Disbursements</i>	5,267,251	5,356,793	5,206,791	150,002
<i>Excess of Receipts Over (Under) Disbursements</i>	(144,077)	(233,619)	(75,644)	157,975
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(71,000)	(1,821)	-	1,821
<i>Total Other Financing Sources (Uses)</i>	(71,000)	(1,821)	-	1,821
<i>Net Change in Fund Balance</i>	(215,077)	(235,440)	(75,644)	159,796
<i>Fund Balance Beginning of Year</i>	129,508	129,508	129,508	-
Prior Year Encumbrances Appropriated	76,170	76,170	76,170	-
<i>Fund Balance End of Year</i>	\$ (9,399)	\$ (29,762)	\$ 130,034	\$ 159,796

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006 AND 2005**

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**1. DESCRIPTION OF THE LIBRARY AND REPORTING ENTITY**

The Westerville School District Library is organized as a school district public library under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Westerville City School District Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Clerk-Treasurer.

The Library is fiscally independent of the Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Board of Education.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," the Library is considered to be a related organization of the Westerville City School District.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

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

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, the financial statements of the Westerville School District Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The most significant of the Library's accounting policies are described below.

A. Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions.

The statement of net assets presents the cash balances of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a modified cash basis or draws from the Library's general receipts.

Fund Financial Statements

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.



**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The Library's funds are all classified as governmental.

Governmental Funds

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

**General Fund:** The general fund accounts for all financial resources except for restricted resources requiring a separate accounting. The general fund balance is available for any purpose provided it is disbursed or transferred according to Ohio law.

**Building Fund:** The Building Fund contains money from the surplus of the 1981 Library addition project and funds transferred from the general fund and will be used for any major repairs to the Library and accrue a reserve for payment on the debt incurred in 2003 for the addition to the Library.

**Permanent Improvement Fund:** The Permanent Improvement Fund contains money from the sale of bonds to finance the construction of an approximately 10,000 square foot two story expansion of the facilities of the Library, including the furnishing and equipping of such expansion. The Project will be used for youth services, a teen center, media department, administrative offices and for related operations and services provided by the Library.

The other governmental funds of the Library account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Library are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. Budgetary Process

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Clerk Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

E. Cash and Cash Equivalents

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

F. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's cash basis of accounting.

H. Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

I. Long-Term Obligations

The Library's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for upkeep and maintenance of the building.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

K. Fund Balance Reserves

The Library reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

L. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**3. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end 2006 and 2005 (budgetary basis) amounted to \$9,123 and \$73,162 respectively for the general fund.

Contrary to Ohio Administrative Code Section 117-8-02 the Library's expenditures exceeded adopted appropriations measures at the legal level of control by the following amounts:

2005: General Fund – Employee Benefits (\$20,980), Supplies and Materials (\$1,786), Travel Expense (\$433), Maintenance Expense (\$773), Professional Services (\$2,595), Contracts and Purchased Services (\$618), Periodicals (\$10,184), Digital Video Discs (\$1,301), Compact Discs (\$17,359), and Taxes and Assessments (\$1,680); Permanent Fund – Buildings (\$1,648,980); and Temperance Fund – Office and Programs (\$995) and Other Professional Services (\$450).

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

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**3. BUDGETARY BASIS OF ACCOUNTING (Continued)**

2006: General Fund – Employee Benefits (\$9,422), Supplies and Materials (\$1,065), Communications Expense (\$189), Rentals and Subleases (\$14,848), Utilities Expense (\$110,477), Professional Services (\$46,177), Library Materials and Information (\$8,002), Periodicals (\$3,251), Digital Video Discs (\$65,937), Audiobooks CD (\$20,542), Art Prints (\$545), Compact Discs (\$34,691), Repair and Restoration (\$502), Library Materials (\$1,305), Equipment (\$30,169), and Taxes and Assessments (\$2,349); and Permanent Fund – Building and Site Repair (\$292,392), and Equipment and Furniture (\$270,678).

**4. DEPOSITS AND INVESTMENTS**

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

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**4. DEPOSITS AND INVESTMENTS (Continued)**

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end 2006 and 2005, the Library had \$990 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end 2006 and 2005, \$1,043,291 of the Library's bank balance of \$1,143,291 and \$1,990,101 of the Library's bank balance of \$2,090,101 respectively was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**5. INTERGOVERNMENTAL AND PROPERTY 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.

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Ohio School District. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**5. INTERGOVERNMENTAL AND PROPERTY TAX RECEIPTS (Continued)**

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Library operations for the year ended December 31, 2006, was \$8 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential	\$1,967,191,390
Agricultural	2,452,830
Commercial/Industrial/Mineral	449,264,750
Tangible Personal Property	
Business	39,390,964
Public Utility	53,557,100
Total Assessed Value	\$2,511,857,034

**6. RISK MANAGEMENT**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Chubb Insurance Company	Commercial Property	\$14,669,093
	General Liability	2,000,000
	Commercial Crime	25,000
	Vehicle	\$1,000,000
Utica National Insurance Group	Errors and Omissions	\$1,000,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

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**7. DEFINED BENEFIT PENSION PLAN**

The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2006 was 9.2 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional plan for the years ended December 31, 2006, 2005, and 2004 were \$190,699, \$193,709, and \$184,270 respectively; the full amount has been contributed for 2006, 2005, and 2004.

**8. POSTEMPLOYMENT BENEFITS**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll; 4.5 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.0 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 1.00 and 6.00 percent annually for the next nine years and 4.0 percent annually after nine years.

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**8. POSTEMPLOYMENT BENEFITS (Continued)**

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$93,277. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**9. LONG – TERM LIABILITIES**

The Westerville City School District issued \$6,899,981 of bonds on the Library's behalf in 1995. At June 30, 2006, the bonds were fully retired. The Library had no obligation for repayment of these bonds.

The changes in the Library's long-term obligations during the 2005 and 2006 consisted of the following:

	Principal Outstanding 1/1/05	Additions	Reductions	Principal Outstanding 12/31/05	Amounts Due in One Year
<b>Governmental Activities</b>					
Revenue Anticipation Notes:					
2003 LLGSF Anticipation Notes	\$2,960,000	\$0	\$460,000	\$2,500,000	\$475,000
	Principal Outstanding 1/1/06	Additions	Reductions	Principal Outstanding 12/31/06	Amounts Due in One Year
<b>Governmental Activities</b>					
Revenue Anticipation Notes:					
2003 LLGSF Anticipation Notes	\$2,500,000	\$0	\$475,000	\$2,025,000	\$485,000

On August 21, 2003, the Library issued \$3,395,000, 1.15 – 3.25 percent revenue anticipation notes. These notes were issued to fund construction and renovation to the Library.



**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**9. LONG – TERM LIABILITIES (Continued)**

Principal and interest requirements to retire long-term liabilities outstanding at December 31, 2006 are as follows:

<u>Fiscal Year Ending December 31</u>	Revenue Anticipation Notes		<u>Total</u>
	Principal	Interest	
2007	485,000	56,930	541,930
2008	500,000	45,775	545,775
2009	510,000	32,525	542,525
2010	530,000	17,225	547,225
Total	\$2,025,000	\$152,455	\$2,177,455

The Library violated their debt covenant of the LLGSF Notes by failing to provide continuing disclosure of the Annual Report to the State Repositories. This failure will not result in any advance calling or default on the issuance.

**10. CONTINGENT LIABILITY**

The Library is a defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially affect the Library's financial condition.

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# Mary Taylor, CPA

Auditor of State

## 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 South State Street  
Westerville, Ohio 43081

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Westerville School District Library, Franklin County, Ohio (the Library) as of and for the years ended December 31, 2006 and December 31, 2005, and have issued our report thereon dated October 17, 2007, which collectively comprise the Library's basic financial statements. 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 expressing our opinion on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, the significant deficiency described (finding number 2006-003) is also a material weakness.

We also noted a certain internal control matter that we reported to the Library's management in a separate letter dated October 17, 2007.

#### **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 that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-001 and 2006-002.

We also noted a certain instance of noncompliance or other matter not requiring inclusion in this report that we reported to the Library's management in a separate letter dated October 17, 2007.

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



**Mary Taylor, CPA**  
Auditor of State

October 17, 2007

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2006-001</b>
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**LLGSF Notes – Noncompliance Finding**

Appendix E Section 3 of the Libraries LLGSF Notes states in part, that the Library shall, not later than June 1 of each year, commencing June 1, 2004, provide to each State Repository an Annual Report for the fiscal year of the Library, which ended on the previous December 31<sup>st</sup>, which Annual Report shall be consistent with the requirements of Section 4 of this Disclosure Certificate. Appendix E Section 4(b) states in part, that the General Purpose Financial Statements of the Library to be included in the Annual Report will be accompanied by a report of the Auditor of State of Ohio on a biannual basis; provided, however, if such report is not available to the Library at the time of providing the Annual Report to the State Repository as provided in Section 3 of this Disclosure Certificate, the Library will provide such report to the State Repository as soon as it is available.

The Library did not file the required biannual report with the State Repository.

We recommend the annual financial report be provided to the State Repository on a timely basis following the issuance of the biannual report.

<b>Finding Number</b>	<b>2006-002</b>
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**Expenditures in Excess of Appropriations - Noncompliance Finding**

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.

During 2005 and 2006 the Library Board of Trustees adopted appropriation measures and revisions at the object level of control. Expenditures exceeded appropriations at the following legal levels of control for 2005 and 2006:

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005  
(CONTINUED)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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<b>Finding Number</b>	<b>2006-002 (Continued)</b>
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	<b>2005</b>		
	<b>Appropriations</b>	<b>Expenditures</b>	<b>Variance</b>
<b>General Fund:</b>			
51900 - Employee Benefits	3,491	24,471	(20,980)
52000 - Supplies and Materials	121,173	122,959	(1,786)
53100 - Travel Expense	22,601	23,034	(433)
53300 - Maintenance Expense	305,393	306,166	(773)
53700 - Professional Services	67,921	70,516	(2,595)
53900 - Contracts and Purchased Services	1,560	2,178	(618)
54200 - Periodicals	228,413	238,597	(10,184)
54325 - Digital Video Discs	84,642	85,943	(1,301)
54399 - Compact Discs	11,455	28,814	(17,359)
57200 - Taxes and Assessments	14,567	16,247	(1,680)
 <b>Permanent Improvement Fund:</b>			
55300 - Buildings	202,088	1,851,068	(1,648,980)
 <b>Temperance Fund:</b>			
52110 - Office and Programs	85	1080	(995)
53799 - Other Professional Services	840	1290	(450)
 <b>2006</b>			
	<b>Appropriations</b>	<b>Expenditures</b>	<b>Variance</b>
<b>General Fund:</b>			
51900 - Employee Benefits	23,576	32,998	(9,422)
52000 - Supplies and Materials	111,757	112,822	(1,065)
53200 - Communications Expense	50,922	51,111	(189)
53500 - Rents and Subleases	201,657	216,505	(14,848)
53600 - Utilities Expense	44,599	155,076	(110,477)
53700 - Professional Services	81,117	127,294	(46,177)
54100 - Library Materials and Information	320,524	328,526	(8,002)
54200 - Periodicals	258,517	261,768	(3,251)
54325 - Digital Video Discs	21,248	87,185	(65,937)
54333 - Audibooks CD	4,839	25,381	(20,542)
54340 - Art Prints	1,105	1,650	(545)
54399 - Compact Discs	2,755	37,446	(34,691)
54700 - Repair and Restoration	1,247	1,749	(502)
54900 - Library Materials	-	1,305	(1,305)
55000 - Equipment	238,907	269,076	(30,169)
57200 - Taxes and Assessments	32	2,381	(2,349)

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005  
(CONTINUED)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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<b>Finding Number</b>	<b>2006-002 (Continued)</b>
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	2006		
	Appropriations	Expenditures	Variance
<b>Permanent Improvement Fund:</b>			
55310 - Building and Site Repair	-	292,392.00	(292,392.00)
55510 - Equipment and Furniture	-	270,678.00	(270,678.00)

These variances reflect the level at which the legislative body appropriations have been exceeded.

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

<b>Finding Number</b>	<b>2006-003</b>
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**Financial Reporting – Material Weakness**

Sound financial reporting is the responsibility of the Library Clerk and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The Library utilizes an automated accounting system and has monitoring controls over daily cash-basis transactions entered into the system. At year-end the cash basis information from the accounting system was compiled into cash basis financial statements prescribing to the presentation requirements of Generally Accepted Accounting Principles (GAAP) on an other comprehensive basis of accounting (OCBOA) by the Clerk of the Library.

Modifications or audit adjustments and reclassifications in the amount of \$46,338,430 in 2006 and \$58,192,769 in 2005 were necessary to the Library’s basic financial statements to accurately reflect account balances reported. Although adjustments were not required to the Library’s ledgers the Clerk prepares the basic financial statements, management is responsible for the presentation of the basic financial statements and accordingly should implement review procedures and controls over the financial statement preparation and reporting process.

The following reclassifications were inconsequential to the overall financial statements of the Library and were not posted to the financial statements.

Adjustment of the 2006 and 2005 tax receipts in the amounts of 15,656 and 19,336 respectively, to correct taxes posted at net instead of gross.

Reclassification for 2006 and 2005 intergovernmental revenue in the amounts of 143,330 and 229,428 respectively, to correct intergovernmental revenue recorded in the taxes line item.

Reclassification for 2006 and 2005 miscellaneous revenue in the amounts of 38,603 and 34,906 respectively, to correct miscellaneous revenue recorded for the coffee shop in the patrons, fines, and fees revenue line item.

**WESTERVILLE SCHOOL DISTRICT LIBRARY  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005  
(CONTINUED)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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<b>Finding Number</b>	<b>2006-003 (Continued)</b>
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The lack of controls over the posting of financial transactions and financial reporting can result in errors and irregularities occurring and going undetected and decreases the reliability of financial data throughout the year.

We recommend the Board of Trustees adopt policies and procedures for controls over recording of financial transactions and over financial reporting to help ensure the information accurately reflects the activity of the Library and thereby increasing the reliability of the financial data throughout the year. We further recommend the Library implement additional procedures to provide assurance over the completeness and accuracy of financial information reported within the Library's annual report compilation. Such procedures may include review of the financial statements including the notes to the financial statements by a member of management and an analytical comparison of the current year annual report to the prior year annual report for obvious errors or omissions.

We did not receive a response to the findings listed above.





**Mary Taylor, CPA**  
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  
APRIL 24, 2008**