



**COMMUNITY LIBRARY OF BIG WALNUT LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**COMMUNITY LIBRARY OF BIG WALNUT LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Community Library of Big Walnut Local School District
Delaware County
44 Burrer Drive
Sunbury, Ohio 43074

We have audited the accompanying financial statements of the Community Library of Big Walnut Local School District, Delaware County, Ohio, (the Library) as of and for the years ended December 31, 2001 and December 31, 2000. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the Library as of December 31, 2001 and December 31, 2000, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2002 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.

JIM PETRO
Auditor of State

April 17, 2002

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**COMMUNITY LIBRARY OF BIG WALNUT LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	693,369	\$0	\$0	\$693,369
Patron Fines and Fees	19,111	0	0	19,111
Earnings on Investments	11,678	0	10,259	21,937
Contributions, Gifts and Donations	2,438	0	0	2,438
 Total Cash Receipts	<u>726,596</u>	<u>0</u>	<u>10,259</u>	<u>736,855</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	397,974	0	0	397,974
Supplies	12,277	0	0	12,277
Purchased and Contracted Services	94,789	0	0	94,789
Library Materials and Information	101,975	0	0	101,975
Other Objects	2,541	0	0	2,541
Capital Outlay	17,506	0	0	17,506
 Total Cash Disbursements	<u>627,062</u>	<u>0</u>	<u>0</u>	<u>627,062</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>99,534</u>	<u>0</u>	<u>10,259</u>	<u>109,793</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	50,000	40,000	90,000
Advances-In	6,443	0	6,443	12,886
Transfers-Out	(110,000)	0	0	(110,000)
Advances-Out	(6,443)	0	(6,443)	(12,886)
 Total Other Financing Receipts/(Disbursements)	<u>(110,000)</u>	<u>50,000</u>	<u>40,000</u>	<u>(20,000)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(10,466)	50,000	50,259	89,793
Fund Cash Balances, January 1	<u>219,812</u>	<u>30,500</u>	<u>215,097</u>	<u>465,409</u>
Fund Cash Balances, December 31	<u>\$209,346</u>	<u>\$80,500</u>	<u>\$265,356</u>	<u>\$555,202</u>
Reserves for Encumbrances, December 31	<u>\$37,789</u>	<u>\$0</u>	<u>\$0</u>	<u>\$37,789</u>

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

**COMMUNITY LIBRARY OF BIG WALNUT LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
INTERNAL SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Internal Service
Operating Cash Receipts:	
Earnings on Investments	\$1,352
Total Operating Cash Receipts	1,352
Operating Cash Disbursements:	
Total Operating Cash Disbursements	0
Operating Income/(Loss)	1,352
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	1,352
Transfers-In	20,000
Net Receipts Over/(Under) Disbursements	21,352
Fund Cash Balances, January 1	20,319
Fund Cash Balances, December 31	\$41,671

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

**COMMUNITY LIBRARY OF BIG WALNUT LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Local Taxes	\$660,799	\$0	\$0	\$660,799
Patron Fines and Fees	17,480	0	0	17,480
Earnings on Investments	13,009	0	11,129	24,138
Contributions, Gifts and Donations	1,937	0	0	1,937
Miscellaneous Receipts	206	0	0	206
Total Cash Receipts	693,431	0	11,129	704,560
Cash Disbursements:				
Current:				
Salaries and Benefits	406,606	0	0	406,606
Supplies	9,289	0	0	9,289
Purchased and Contracted Services	102,023	0	0	102,023
Library Materials and Information	101,907	0	0	101,907
Capital Outlay	20,918	0	0	20,918
Other	2,302	0	0	2,302
Total Cash Disbursements	643,045	0	0	643,045
Total Cash Receipts Over/(Under) Cash Disbursements	50,386	0	11,129	61,515
Other Financing Receipts/(Disbursements):				
Transfers-In	9,000	30,500	0	39,500
Transfers-Out	(50,819)	0	(9,000)	(59,819)
Total Other Financing Receipts/(Disbursements)	(41,819)	30,500	(9,000)	(20,319)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	8,567	30,500	2,129	41,196
Fund Cash Balances, January 1	211,245	0	212,968	424,213
Fund Cash Balances, December 31	\$219,812	\$30,500	\$215,097	\$465,409
Reserves for Encumbrances, December 31	\$26,943	\$0	\$0	\$26,943

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

**COMMUNITY LIBRARY OF BIG WALNUT LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
INTERNAL SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Internal Service
Operating Cash Receipts:	
Total Operating Cash Receipts	\$0 0
Operating Cash Disbursements:	
Total Operating Cash Disbursements	0 0
Operating Income/(Loss)	0
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	0
Transfers-In	20,319
Net Receipts Over/(Under) Disbursements	20,319
Fund Cash Balances, January 1	0
Fund Cash Balances, December 31	\$20,319

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

**COMMUNITY LIBRARY OF BIG WALNUT LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Community Library of Big Walnut Local School District, Delaware County, Ohio (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is directed by a five-member Board of Trustees appointed by the members of the Board of Education of the Big Walnut Local School District and serve as trustees on a volunteer basis. The Library provides the community with various educational and literary resources.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

Certificates of deposit and repurchase agreements are valued at cost, money market mutual funds (including Star Ohio) are recorded at share values reported by the mutual fund.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

This fund is used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

Computer Fund - This fund is to be used for the upgrade and replacement of software programs.

**COMMUNITY LIBRARY OF BIG WALNUT LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Projects Fund

This fund is 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 one capital projects fund for future expansion of the Library.

4. Internal Service Fund

Self Insurance Fund - The Library sets aside money in this fund in anticipation of becoming self-insured.

E. Budgetary Process

The Ohio Administrative Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Ohio Administrative Code requires the Library to reserves (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

Employees are entitled to cash payments for unused leave in certain circumstances, such as upon leaving employment. Unpaid leave is not reflected as liabilities under the basis of accounting the Library used.

**COMMUNITY LIBRARY OF BIG WALNUT LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

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:

	<u>2001</u>	<u>2000</u>
Demand deposits	(\$1,765)	(\$10,416)
Certificate of Deposits	176,986	168,407
	175,221	157,991
Repurchase Agreement	200,000	165,000
STAR Ohio	221,652	162,737
	421,652	327,737
Total investments	421,652	327,737
Total deposits and investments	\$596,873	\$485,728

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

Investments: Investments in STAR Ohio 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 agents to collateralize repurchase agreement.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follow:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$726,596	\$726,596	\$0
Special Revenue	0	50,000	50,000
Capital Projects	<u>10,259</u>	<u>50,259</u>	<u>40,000</u>
Total	<u>\$736,855</u>	<u>\$826,855</u>	<u>\$90,000</u>

**COMMUNITY LIBRARY OF BIG WALNUT LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$805,824	\$774,851	\$30,973
Special Revenue	50,819	0	50,819
Capital Projects	202,809	0	202,809
Total	<u>\$1,059,452</u>	<u>\$774,851</u>	<u>\$284,601</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$636,882	\$702,431	\$65,549
Special Revenue	0	30,500	30,500
Capital Projects	0	11,129	11,129
Total	<u>\$636,882</u>	<u>\$744,060</u>	<u>\$107,178</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$772,810	\$720,807	\$52,003
Special Revenue	0	0	0
Capital Projects	220,539	9,000	211,539
Total	<u>\$993,349</u>	<u>\$729,807</u>	<u>\$263,542</u>

The Library does not budget for any activity in the internal service fund.

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 on account of any additional revenues realized by the Library.

**COMMUNITY LIBRARY OF BIG WALNUT LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)

Real Property taxes become a lien on January 1 preceding the October 1 date for which 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 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.

5. RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contributions rate to 8.13% effective July, 1, 2000 through December 31, 2000. The Library has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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

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

Board of Trustees
Community Library of Big Walnut Local School District
Delaware County
44 Burrer Drive
Sunbury, Ohio 43074

We have audited the financial statements of the Community Library of Big Walnut Local School District, Delaware County, Ohio (the Library), as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated April 17, 2002. 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 April 17, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated April 17, 2002.

Community Library of Big Walnut Local School District
Delaware County
Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended 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.

JIM PETRO
Auditor of State

April 17, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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COMMUNITY LIBRARY OF BIG WALNUT LOCAL SCHOOL DISTRICT

DELAWARE 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 9, 2002**