



**Auditor of State  
Betty Montgomery**



**CENTERBURG PUBLIC LIBRARY  
KNOX COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Centerburg Public Library  
Knox County  
49 East Main Street  
Centerburg, OH 43011

To the Board of Trustees:

We have audited the accompanying financial statements of the Centerburg Public Library, Knox County, Ohio, (the Library) as of and for the years ended December 31, 2002, and December 31, 2001. 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 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 cash balance of the Centerburg Public Library, Knox County, Ohio, as of December 31, 2002 and December 31, 2001, 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 June 30, 2003, 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.

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This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

**BETTY MONTGOMERY**  
Auditor of State

June 30, 2003

**CENTERBURG PUBLIC LIBRARY  
KNOX COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

|   | <u>2002</u>                    | <u>2001</u>                    |
|---|--------------------------------|--------------------------------|
| <b>Cash Receipts:</b>                       |                                |                                |
| Other Government Grants-In-Aid              | \$283,271                      | \$307,181                      |
| Patron Fines and Fees                       | 4,395                          | 3,174                          |
| Earnings on Investments                     | 5,109                          | 7,143                          |
| Contributions, Gifts and Donations          | 300                            | 225                            |
| Miscellaneous Receipts                      | 988                            | 14,650                         |
|   | <hr/>                          | <hr/>                          |
| Total Cash Receipts                         | 294,063                        | 332,373                        |
|   | <hr/>                          | <hr/>                          |
| <b>Cash Disbursements:</b>                  |                                |                                |
| Current:                                    |                                |                                |
| Salaries and Benefits                       | 112,430                        | 108,332                        |
| Purchased and Contracted Services           | 12,565                         | 15,548                         |
| Supplies                                    | 5,016                          | 4,763                          |
| Library Materials & Other Information       | 41,613                         | 44,721                         |
| Other Objects                               | 1,813                          | 2,254                          |
| Capital Outlay                              | 9,362                          | 3,745                          |
|   | <hr/>                          | <hr/>                          |
| Total Cash Disbursements                    | 182,799                        | 179,363                        |
|   | <hr/>                          | <hr/>                          |
| Total Cash Receipts Over Cash Disbursements | 111,264                        | 153,010                        |
| Cash Balances, January 1                    | 749,291                        | 596,281                        |
|   | <hr/>                          | <hr/>                          |
| <b>Cash Balances, December 31</b>           | <b><u><u>\$860,555</u></u></b> | <b><u><u>\$749,291</u></u></b> |

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

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**CENTERBURG PUBLIC LIBRARY  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Centerburg Public Library, Knox County, Ohio, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a seven-member Board of Trustees. 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.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**D. Budgetary Process**

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

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**E. 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.

**CENTERBURG PUBLIC LIBRARY  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

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

**F. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

|                                | 2002      | 2001      |
|--------------------------------|-----------|-----------|
| Demand deposits                | \$458,584 | \$749,291 |
| STAR Ohio                      | 401,971   | 0         |
| Total deposits and investments | \$860,555 | \$749,291 |

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

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

| 2002 Budgeted vs. Actual Budgetary Basis Expenditures |               |              |           |
|---|---------------|--------------|-----------|
|   | Appropriation | Budgetary    |           |
|   | Authority     | Expenditures | Variance  |
|   | \$1,058,431   | \$182,799    | \$875,632 |
| 2001 Budgeted vs. Actual Budgetary Basis Expenditures |               |              |           |
|   | Appropriation | Budgetary    |           |
|   | Authority     | Expenditures | Variance  |
|   | \$911,792     | \$179,363    | \$732,429 |

**CENTERBURG PUBLIC LIBRARY  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**4. GRANTS-IN-AID**

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

**5. RETIREMENT SYSTEM**

The Library's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2001 and 2002. The Library has paid all contributions required through December 31, 2002.

**6. RISK MANAGEMENT**

**Commercial Insurance**

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

- Comprehensive property and general liability;

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## **Auditor of State Betty Montgomery**

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

Centerburg Public Library  
Knox County  
49 East Main Street  
Centerburg, OH 43011

To the Board of Trustees:

We have audited the accompanying financial statements of the Centerburg Public Library, Knox County, Ohio (the Library), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 30, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated June 30, 2003.

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Centerburg Public Library  
Knox County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by Government Auditing Standards  
Page 2

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

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

**BETTY MONTGOMERY**  
Auditor of State

June 30, 2003

**CENTERBURG PUBLIC LIBRARY  
KNOX COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDING  
DECEMBER 31, 2002 AND 2001**

| Finding Number | Finding Summary   | Fully Corrected ? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid;<br><b><i>Explain:</i></b> |
|----------------|---|-------------------|--|
| 2000-00642-001 | Ohio Adm. Code 117-4-14<br>- Use of Purchase orders – certifying expenditures | N/A               | No longer valid – Code was repealed.   |





**Auditor of State  
Betty Montgomery**

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**CENTERBURG PUBLIC LIBRARY**

**KNOX 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  
SEPTEMBER 4, 2003**