



**Auditor of State
Betty Montgomery**

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

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

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, 2003, and December 31, 2002. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than 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 fund cash balances and reserves for encumbrances of the Community Library of Big Walnut Local School District, Delaware County, Ohio, as of December 31, 2003, and December 31, 2002, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2004, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

April 20, 2004, except for Note 3 as to which the date is August 11, 2004.

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

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Government Grants in Aid	\$630,587	\$0	\$0	\$630,587
Patron Fines and Fees	23,114	0	0	23,114
Earnings on Investments	368	43	8,816	9,227
Contributions, Gifts and Donations	3,260	0	0	3,260
Miscellaneous Receipts	207	0	0	207
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	657,536	43	8,816	666,395
Cash Disbursements:				
Current:				
Salaries and Benefits	462,460	0	0	462,460
Purchased and Contracted Services	86,332	0	0	86,332
Library Materials and Information	61,727	0	0	61,727
Supplies	14,034	0	0	14,034
Other Objects	4,203	0	0	4,203
Capital Outlay	111	0	28,100	28,211
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	628,867	0	28,100	656,967
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	28,669	43	(19,284)	9,428
Other Financing Receipts/(Disbursements):				
Transfers-In	0	0	3,000	3,000
Transfers-Out	(3,000)	0	0	(3,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(3,000)	0	3,000	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	25,669	43	(16,284)	9,428
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	86,279	3,861	385,691	475,831
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$111,948	\$3,904	\$369,407	\$485,259
Reserves for Encumbrances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$14,550	\$0	\$0	\$14,550

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, 2003**

	Proprietary Fund Type
	Internal Service
Operating Cash Receipts:	
Earnings on Investments	\$471
Total Operating Cash Receipts	471
Operating Cash Disbursements:	
Total Operating Cash Disbursements	0
Operating Income	471
Fund Cash Balances, January 1	42,349
Fund Cash Balance, December 31	\$42,820

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 FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Government Grants in Aid	\$636,857	\$0	\$0	\$636,857
Patron Fines and Fees	21,718	0	0	21,718
Earnings on Investments	2,544	0	0	2,544
Contributions, Gifts and Donations	2,125	1,481	10,542	14,148
	<u>663,244</u>	<u>1,481</u>	<u>10,542</u>	<u>675,267</u>
Total Cash Receipts				
	<u>663,244</u>	<u>1,481</u>	<u>10,542</u>	<u>675,267</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	430,295	0	0	430,295
Purchased and Contracted Services	90,871	77,794	2,072	170,737
Library Materials and Information	112,351	0	0	112,351
Supplies	14,115	0	0	14,115
Other Objects	6,022	0	0	6,022
Capital Outlay	20,792	0	0	20,792
	<u>674,446</u>	<u>77,794</u>	<u>2,072</u>	<u>754,312</u>
Total Cash Disbursements				
	<u>674,446</u>	<u>77,794</u>	<u>2,072</u>	<u>754,312</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(11,202)</u>	<u>(76,313)</u>	<u>8,470</u>	<u>(79,045)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	48,132	0	118,000	166,132
Transfers-Out	(159,997)	(326)	(6,135)	(166,458)
	<u>(111,865)</u>	<u>(326)</u>	<u>111,865</u>	<u>(326)</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(111,865)</u>	<u>(326)</u>	<u>111,865</u>	<u>(326)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(123,067)</u>	<u>(76,639)</u>	<u>120,335</u>	<u>(79,371)</u>
Fund Cash Balances, January 1	<u>209,346</u>	<u>80,500</u>	<u>265,356</u>	<u>555,202</u>
Fund Cash Balances, December 31	<u>\$86,279</u>	<u>\$3,861</u>	<u>\$385,691</u>	<u>\$475,831</u>
Reserves for Encumbrances, December 31	<u>\$25,976</u>	<u>\$0</u>	<u>\$20,610</u>	<u>\$46,586</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, 2002**

	Proprietary Fund Type
	Internal Service
Operating Cash Receipts:	
Earnings on Investment	\$352
Total Operating Cash Receipts	352
Operating Cash Disbursements:	
Total Operating Cash Disbursements	0
Operating Income	352
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	352
Transfers-In	41,997
Transfers-Out	(41,671)
Net Receipts Over/(Under) Disbursements	678
Fund Cash Balance, January 1	41,671
Fund Cash Balance, December 31	\$42,349

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, 2003 AND 2002**

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 Ohio. The Library is directed by a seven-member Board of Trustees on a volunteer basis. The Library provides the community with various educational and literary resources.

The Community Library Foundation is also associated with the Library. The Foundation's tax exempt status is based on the Foundation's intent to support the Library.

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 capital projects) that are restricted to expenditure for specific purposes. The Library had the following Special Revenue Fund:

Computer Fund – This fund's resources are used to upgrade and replace computer hardware and software.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(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. The Library had the following Capital Projects Fund:

Capital Projects Fund – This fund accounts for revenues for the future improvement of the Library.

4. Internal Service Fund

This fund is used to account for the financing of goods or services provided by one department to other departments of the Library on a cost-reimbursement basis. The Library had the following Internal Service Fund:

Self Insurance Fund - This fund has been created in anticipation of a change in insurance policies. The Library will reimburse employees for the difference between the current plan and the new plan in order to eliminate an increase in co-pay amount for its employees. The total reimbursements are anticipated to be less than the amount the Library would have had to pay in additional premium with the current plan.

E. Budgetary Process

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

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

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

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

	2003	2002
Demand deposits	(\$6,704)	(\$19,255)
Certificates of deposit	136,801	185,171
Total deposits	130,097	165,916
STAR Ohio	327,982	257,264
Repurchase agreement	70,000	95,000
Total investments	397,982	352,264
Total deposits and investments	\$528,079	\$518,180

Deposits: Deposits are 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. The Library's financial institution transfers the securities to the Library's agents to collateralize repurchase agreements.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$817,876	\$646,417	\$171,459
Special Revenue	3,861	0	3,861
Capital Projects	385,691	28,100	357,591
Internal Service	42,348	0	42,348
Total	\$1,249,776	\$674,517	\$575,259

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$849,421	\$860,419	(\$10,998)
Special Revenue	70,000	78,120	(8,120)
Capital Projects	46,443	28,817	17,626
Internal Service	0	41,671	(41,671)
Total	\$965,864	\$1,009,027	(\$43,163)

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

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

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 can not reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

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

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

7. REISSUANCE OF FINANCIAL STATEMENTS

These financial statements and accompanying footnotes were reissued to correct the amounts that were presented in Note 3 as the budgetary activity.



**Auditor of State
Betty Montgomery**

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

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

To the Board of Trustees:

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, 2003, and December 31, 2002, and have issued our report thereon dated April 20, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated April 20, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. 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 April 20, 2004.

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Community Library of Big Walnut Local School District
Delaware 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 the audit committee, 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

April 20, 2004



**Auditor of State
Betty Montgomery**

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800-282-0370
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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
AUGUST 26, 2004**