



**PICKERINGTON SCHOOL DISTRICT PUBLIC LIBRARY
FAIRFIELD COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**



**Auditor of State
Betty Montgomery**

PICKERINGTON SCHOOL DISTRICT PUBLIC LIBRARY
FAIRFIELD COUNTY

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**Auditor of State
Betty Montgomery**

Pickerington School District Public Library
Fairfield County
201 Opportunity Way
Pickerington, Ohio 43147

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Library to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Betty Montgomery
Auditor of State

September 12, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Pickerington School District Public Library
Fairfield County
201 Opportunity Way
Pickerington, Ohio 43147

To the Board of Trustees:

We have audited the accompanying financial statements of the Pickerington School District Public Library, Fairfield County, Ohio (the Library) as of and for the years ended December 31, 2004, and December 31, 2003. 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 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. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Library has elected not to reformat its statements. Since this Library does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of Pickerington School District Public Library, Fairfield County, Ohio as of December 31, 2004 and December 31, 2003, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the year ended December 31, 2004. The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2005, 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.



Betty Montgomery
Auditor of State

September 12, 2005

**PICKERINGTON SCHOOL DISTRICT PUBLIC LIBRARY
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Library and Local Government Support	1,078,585	0	1,078,585
Patron Fines and Fees	64,093	0	64,093
Earnings on Investments	1,093	11,284	12,377
Contributions, Gifts and Donations	2,111	0	2,111
Miscellaneous Receipts	7,717	0	7,717
	<u>1,153,599</u>	<u>11,284</u>	<u>1,164,883</u>
Total Cash Receipts			
	<u>1,153,599</u>	<u>11,284</u>	<u>1,164,883</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	710,534	0	710,534
Purchased and Contracted Services	184,520	68,470	252,990
Other Objects	200,599	0	200,599
Capital Outlay	1,213	0	1,213
	<u>1,096,866</u>	<u>68,470</u>	<u>1,165,336</u>
Total Cash Disbursements			
	<u>1,096,866</u>	<u>68,470</u>	<u>1,165,336</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>56,733</u>	<u>(57,186)</u>	<u>(453)</u>
Other Financing Receipts:			
Proceeds from Sales of Property	325	0	325
	<u>325</u>	<u>0</u>	<u>325</u>
Total Other Financing Receipts			
	<u>325</u>	<u>0</u>	<u>325</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>57,058</u>	<u>(57,186)</u>	<u>(128)</u>
Fund Cash Balances, January 1	<u>238,930</u>	<u>894,656</u>	<u>1,133,586</u>
Fund Cash Balances, December 31	<u>\$295,988</u>	<u>\$837,470</u>	<u>\$1,133,458</u>
Reserves for Encumbrances, December 31	<u>\$21,132</u>	<u>\$32,917</u>	<u>\$54,049</u>

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

**PICKERINGTON SCHOOL DISTRICT PUBLIC LIBRARY
FAIRFIELD COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Library and Local Government Support	1,155,396	0	1,155,396
Patron Fines and Fees	64,311	0	64,311
Earnings on Investments	2,137	9,528	11,665
Contributions, Gifts and Donations	6,276	0	6,276
Miscellaneous Receipts	1,254	0	1,254
	<u>1,229,374</u>	<u>9,528</u>	<u>1,238,902</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	739,522	0	739,522
Purchased and Contracted Services	191,754	13,500	205,254
Other Objects	176,349	0	176,349
Capital Outlay	40,972	0	40,972
	<u>1,148,597</u>	<u>13,500</u>	<u>1,162,097</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>80,777</u>	<u>(3,972)</u>	<u>76,805</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	10,000	0	10,000
Transfers-Out	0	(10,000)	(10,000)
	<u>10,000</u>	<u>(10,000)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	90,777	(13,972)	76,805
Fund Cash Balances, January 1	148,153	908,628	1,056,781
Fund Cash Balances, December 31	<u>\$238,930</u>	<u>\$894,656</u>	<u>\$1,133,586</u>
Reserves for Encumbrances, December 31	<u>\$31,155</u>	<u>\$1,500</u>	<u>\$32,655</u>

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

**PICKERINGTON SCHOOL DISTRICT PUBLIC LIBRARY
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND DECEMBER 31, 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Pickerington School District Public Library, Fairfield County, Ohio, (the Library) as a body corporate and politic. The Pickerington Local School Board appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

The Friends of the Pickerington Library (the Friends) is a not-for-profit corporation. The Friends is organized, and at all times shall be operated, exclusively for the benefit of, to perform the functions of, or to carry out the purposes of the Library. Historically, the Library has received, directly or indirectly, a majority of the economic resources provided by the Friends. The purpose of the Friends is to support the ongoing efforts of the Library through fundraising, program generation, and any other means to facilitate the continued growth and development of the Library in the Pickerington community. The Friends is a component unit of the Library since the nature and significance of the Friends' relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Friends does not issue separate financial statements and financial information is not included on the Library's financial statements. To obtain the information on the Friends, contact Beth McCullough at 660 Morello Ct, Pickerington, Ohio 43147 or at 614-837-2691

The Library is a member of the Central Library Consortium (the CLC), a joint venture to provide reduced costs to the individual member libraries through collective efforts and resources sharing. The CLC is further discussed in Note 7.

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 the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

**PICKERINGTON SCHOOL DISTRICT PUBLIC LIBRARY
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND DECEMBER 31, 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investments purchases or receipts for investment sales. This basis records gains or losses at the time of sales as receipts or disbursements, respectively.

The Library values certificates of deposit at cost and repurchase agreements at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual fund reports.

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 accounts for all financial resources except those required to be accounted for in another fund.

2. Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library's Capital Project Fund is to be used for a Library Renovation Project.

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 level of control.

A summary of December 31, 2004 and December 31, 2003 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**PICKERINGTON SCHOOL DISTRICT PUBLIC LIBRARY
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND DECEMBER 31, 2003
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2004	2003
Total Demand deposits	\$844,829	\$349,062
Repurchase Agreement	0	247,976
Certificates of deposit	250,470	0
STAR Ohio	38,159	536,548
Total investments	288,629	784,524
Total deposits and investments	\$1,133,458	\$1,133,586

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Library.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities existing in physical or book-entry form.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,142,184	\$1,153,924	\$11,740
Capital Projects	8,000	11,284	3,284
Total	\$1,150,184	\$1,165,208	\$15,024

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,195,184	\$1,117,998	\$77,186
Capital Projects	900,000	101,387	798,613
Total	\$2,095,184	\$1,219,385	\$875,799

**PICKERINGTON SCHOOL DISTRICT PUBLIC LIBRARY
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND DECEMBER 31, 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,222,315	\$1,239,374	\$17,059
Capital Projects	15,000	9,528	(5,472)
Total	\$1,237,315	\$1,248,902	\$11,587

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,228,367	\$1,179,752	\$48,615
Capital Projects	900,000	25,000	875,000
Total	\$2,128,367	\$1,204,752	\$923,615

4. GRANTS-IN-AID

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.

5. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2004.

**PICKERINGTON SCHOOL DISTRICT PUBLIC LIBRARY
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND DECEMBER 31, 2003
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

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

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

7. JOINT VENTURE

The Library is a member of the Central Library Consortium (the "CLC"). The CLC is a separate entity established as a joint venture to provide reduced costs to the individual member libraries through collective efforts and resource sharing. The CLC undertakes projects that strive to complement the existing resources available through the State Library regional system. The CLC, which commenced on June 13, 1988, has seven members consisting of the Fairfield County District Library, Grandview Heights Public Library, Pickerington Public Library, The Wagnalls Memorial Library, Pickaway County District Public Library, Marysville Public Library, and Plain City Public Library. The original agreement has been modified to extend membership to additional libraries. The CLC is governed by a Council consisting of one appointed representative by each member library. The Council elects a president, a vice president, and a secretary. The CLC's financial operations are accounted for in the Agency Fund of the Grandview Heights Public Library. Members make payments to the CLC in amounts established in the agreements for individual projects undertaken by the CLC. The Library contributed \$56,239 and \$55,016 to the CLC in 2004 and 2003 respectively. The Library has no explicit and measurable equity interest in the venture. The Library's only ongoing financial responsibility to the CLC is for participating projects that have been entered into by the Library. Financial information and statements can be obtained from Grandview Heights Public Library, Franklin County, 1685 W. 1st Ave., Columbus, OH 43212.

8. SUBSEQUENT EVENTS

On January 10, 2005, the Library entered into contract to renovate the Library with Dorsey Construction Services for a total contract amount of \$602,789.

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Pickerington School District Public Library
Fairfield County
201 Opportunity Way
Pickerington, OH 43147

To the Board of Trustees:

We have audited the financial statements of Pickerington School District Public Library, Fairfield County, Ohio (the Library) as of and for the years ended December 31, 2004, and December 31, 2003, and have issued our report thereon dated September 12, 2005, wherein we noted the Library follows the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, and Board of Trustees. It is not intended for 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

September 12, 2005



**Auditor of State
Betty Montgomery**

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**PICKERINGTON SCHOOL DISTRICT PUBLIC LIBRARY
FAIRFIELD 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
OCTOBER 18, 2005**