



**Auditor of State
Betty Montgomery**

**NELSONVILLE PUBLIC LIBRARY
ATHENS COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Nelsonville Public Library
Athens County
95 West Washington Street
Nelsonville, Ohio 45764

To the Board of Trustees:

We have audited the accompanying financial statements of the Nelsonville Public Library, Athens County, Ohio (the Library), as of and for the years ended December 31, 2004 and 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. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared its financial statement 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).

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Nelsonville Public Library, Athens County, Ohio, as of December 31, 2004 and 2003, and its combined 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 February 23, 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.

This report is intended solely for the information and use of the management, the Board of Directors and other officials authorized to receive this report under Section 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

February 23, 2005

**NELSONVILLE PUBLIC LIBRARY
ATHENS COUNTY**

**COMBINED 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Government Grants-In-Aid	\$ 2,196,858	\$	\$	\$ 2,196,858
Patron Fines and Fees	31,239			31,239
Earnings on Investments	13,252			13,252
Contributions, Gifts and Donations	720	6,000	11,000	17,720
Miscellaneous Receipts	5,155			5,155
Total Cash Receipts	<u>2,247,224</u>	<u>6,000</u>	<u>11,000</u>	<u>2,264,224</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	1,518,408	1,935		1,520,343
Purchased and Contracted Services	195,799	4,065	118,702	318,566
Library Materials and Information	450,661			450,661
Supplies	52,237			52,237
Other	6,363			6,363
Capital Outlay	43,986		91,086	135,072
Total Cash Disbursements	<u>2,267,454</u>	<u>6,000</u>	<u>209,788</u>	<u>2,483,242</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(20,230)	0	(198,788)	(219,018)
Fund Cash Balances, January 1	<u>118,584</u>	<u>0</u>	<u>927,479</u>	<u>1,046,063</u>
Fund Cash Balances, December 31	<u>\$ 98,354</u>	<u>\$ 0</u>	<u>\$ 728,691</u>	<u>\$ 827,045</u>
Reserve for Encumbrances, December 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,350</u>	<u>\$ 2,350</u>

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

**NELSONVILLE PUBLIC LIBRARY
ATHENS COUNTY**

**COMBINED 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Government Grants-In-Aid	\$ 2,183,193	\$ 11,502	\$	\$ 2,194,695
Patron Fines and Fees	32,040			32,040
Earnings on Investments	22,739			22,739
Contributions, Gifts and Donations	3,130	1,000		4,130
Miscellaneous Receipts	3,906			3,906
	<u>2,245,008</u>	<u>12,502</u>	<u>0</u>	<u>2,257,510</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries and Benefits	1,412,193			1,412,193
Purchased and Contracted Services	171,700	5,920		177,620
Library Materials and Information	435,892			435,892
Supplies	50,159	1,138		51,297
Other	6,056			6,056
Capital Outlay	49,781	9,636	82,514	141,931
	<u>2,125,781</u>	<u>16,694</u>	<u>82,514</u>	<u>2,224,989</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>119,227</u>	<u>(4,192)</u>	<u>(82,514)</u>	<u>32,521</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		1,192	100,000	101,192
Transfers-Out	(101,192)			(101,192)
	<u>(101,192)</u>	<u>1,192</u>	<u>100,000</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	18,035	(3,000)	17,486	32,521
Fund Cash Balances, January 1	<u>100,549</u>	<u>3,000</u>	<u>909,993</u>	<u>1,013,542</u>
Fund Cash Balances, December 31	<u>\$ 118,584</u>	<u>\$ 0</u>	<u>\$ 927,479</u>	<u>\$ 1,046,063</u>
Reserve for Encumbrances, December 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

**NELSONVILLE PUBLIC LIBRARY
ATHENS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Nelsonville Public Library, Athens County (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 seven-member Board of Trustees, appointed by the Nelsonville-York City School District Board of Education. The Library provides library services to all residents of Athens County through branch locations.

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 includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost. 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.

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 significant Special Revenue Fund:

Grant Fund - This fund receives grants to assist the Library in providing a summer food program and purchasing various library supplies and equipment.

**NELSONVILLE PUBLIC LIBRARY
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(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 significant Capital Projects Fund:

Property Improvement Fund – This fund receives transfers of funds from the General Fund and restricted contributions, gifts and donations to pay for Library building improvements.

E. Budgetary Process

The Board of Trustees 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 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

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 was as follows:

	<u>2004</u>	<u>2003</u>
Demand Deposits	\$ 427,045	\$ 146,063
Certificates of Deposit	400,000	900,000
Total Deposits	<u>\$ 827,045</u>	<u>\$1,046,063</u>

Deposits: Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by the letters of credit provided through the Library's financial institution.

**NELSONVILLE PUBLIC LIBRARY
ATHENS COUNTY**

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

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	\$ 2,256,568	\$ 2,247,224	\$ (9,344)
Special Revenue	6,000	6,000	0
Capital Projects	120,000	11,000	(109,000)
Total	\$ 2,382,568	\$ 2,264,224	\$ (118,344)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,375,152	\$ 2,267,454	\$ 107,698
Special Revenue	6,150	6,000	150
Capital Projects	560,000	212,138	347,862
Total	\$ 2,941,302	\$ 2,485,592	\$ 455,710

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,243,266	\$ 2,245,008	\$ 1,742
Special Revenue	13,002	13,694	692
Capital Projects	150,001	100,000	(50,001)
Total	\$ 2,406,269	\$ 2,358,702	\$ (47,567)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,343,842	\$ 2,226,973	\$ 116,869
Special Revenue	16,002	16,694	(692)
Capital Projects	310,000	82,514	227,486
Total	\$ 2,669,844	\$ 2,326,181	\$ 343,663

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.

**NELSONVILLE PUBLIC LIBRARY
ATHENS COUNTY**

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

5. RETIREMENT SYSTEM

The Library's officials and 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 postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, members of PERS contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all employer contributions required through December 31, 2004.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

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

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



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*

Nelsonville Public Library
Athens County
95 West Washington Street
Nelsonville, Ohio 45764

To the Board of Trustees:

We have audited the financial statements of the Nelsonville Public Library, Athens County, Ohio (the Library), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated February 23, 2005, wherein we noted the Library followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 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 statement 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 to be material weaknesses. In a separate letter to the Library's management dated February 23, 2005, we reported other matters involving internal control over financial reporting.

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*. In a separate letter to the Library's management dated February 23, 2005, we reported other matters related to compliance we deemed immaterial.

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Nelsonville Public Library
Athens County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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We intend this report solely for the information and use of the audit committee, management, and the 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

February 23, 2005



**Auditor of State
Betty Montgomery**

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NELSONVILLE PUBLIC LIBRARY

ATHENS 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
JUNE 28, 2005**