

***ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2004 & 2003

***Charles E. Harris and Associates, Inc.
Certified Public Accountants***



**Auditor of State
Betty Montgomery**

Board of Trustees
Ashland Public Library
224 Claremont Avenue
Ashland, Ohio 44805

We have reviewed the *Independent Auditor's Report* of the Ashland Public Library, Ashland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2003 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ashland Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 6, 2005

This Page is Intentionally Left Blank.

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2004 and 2003**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Table of Contents	i
Report of Independent Accountants	1
Combined Statement of Cash, Investments and Fund Cash Balances - All Fund Types, As of December 31, 2004 and 2003	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Similar Fiduciary Fund Types - For the Years Ended December 31, 2004 and 2003	3 - 4
Notes to the Financial Statements	5 - 9
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	10
Status of Prior Audit's Citations and Recommendations	11

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

**Ashland Public Library
Ashland, Ohio**

We have audited the accompanying financial statements of the Ashland Public Library, Ashland County, (the Library), as of and for the years ended December 31, 2004 and 2003, as listed in the table of contents. 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 a 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 combined cash, investments and fund cash balances and Reserves for Encumbrances of the Library, as of December 31, 2004 and 2003, and the combined receipts, disbursements, and changes in fund cash balances for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 10, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Charles E. Harris & Associates, Inc.
March 10, 2005

ASHLAND PUBLIC LIBRARY
 ASHLAND COUNTY, OHIO
 COMBINED STATEMENT OF CASH, INVESTMENTS AND FUND
 CASH BALANCES - ALL FUND TYPES
 As of December 31, 2004 & 2003

	<u>2004 Balance</u>	<u>2003 Balance</u>
Cash and Investments	\$ <u>2,025,635</u>	\$ <u>1,765,711</u>
	\$ <u><u>2,025,635</u></u>	\$ <u><u>1,765,711</u></u>

CASH BALANCES BY FUND CLASS

Governmental Fund Types:

General Fund	\$ 423,326	\$ 567,526
--------------	------------	------------

Capital Projects Funds	1,004,007	963,956
------------------------	-----------	---------

Fiduciary Fund Types:

Expendable Trust Fund	<u>598,302</u>	<u>234,229</u>
-----------------------	----------------	----------------

Total	\$ <u><u>2,025,635</u></u>	\$ <u><u>1,765,711</u></u>
-------	----------------------------	----------------------------

See accompanying Notes to the Financial Statements.

ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<i>Cash Receipts:</i>				
Property and Other Local Taxes	\$ 7,341	-	-	\$ 7,341
Other Government Grant-In-Aid	1,248,587	-	-	1,248,587
Patron Fines and Fees	46,646	-	-	46,646
Services Provided to Other Entities	240	-	-	240
Earnings on Investments	39,408	-	-	39,408
Contributions, Gifts and Donations	4,630	-	\$ 370,466	375,096
Miscellaneous	14,446	-	-	14,446
Total Cash Receipts	1,361,298	-	370,466	1,731,764
<i>Cash Disbursements:</i>				
Current:				
Salaries and Benefits	915,862	-	-	915,862
Purchased and Contracted Services	176,625	\$ 23,176	-	199,801
Library Materials and Information	255,271	-	6,393	261,664
Supplies	42,851	-	-	42,851
Other	14,889	-	-	14,889
Capital Outlay	-	36,773	-	36,773
Total Cash Disbursements	1,405,498	59,949	6,393	1,471,840
Total Cash Receipts Over (Under) Cash Disbursements	(44,200)	(59,949)	364,073	259,924
<i>Other Financing Sources/(Uses):</i>				
Transfers In	-	100,000	-	100,000
Transfers Out	(100,000)	-	-	(100,000)
Total Other Financing Sources/(Uses)	(100,000)	100,000	-	-
Excess of Cash Receipts and Other Sources Over/ (Under) Cash Disbursements and Other Uses	(144,200)	40,051	364,073	259,924
Fund Cash Balance, January 1, 2004	567,526	963,956	234,229	1,765,711
Fund Cash Balance, December 31, 2004	\$ 423,326	\$ 1,004,007	\$ 598,302	\$ 2,025,635
Reserve for Encumbrances, December 31, 2004	\$ 292,283	\$ 59,314	\$ -	\$ 351,597

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

ASHLAND PUBLIC LIBRARY
 ASHLAND COUNTY, OHIO
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
 FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<i>Cash Receipts:</i>				
Property and Other Local Taxes	\$ 2,191	-	-	\$ 2,191
Other Government Grant-In-Aid	1,240,832	-	-	1,240,832
Patron Fines and Fees	47,022	-	-	47,022
Earnings on Investments	41,168	-	-	41,168
Contributions, Gifts and Donations	14,485	-	\$ 375	14,860
Miscellaneous	14,700	-	-	14,700
Total Cash Receipts	1,360,398	-	375	1,360,773
<i>Cash Disbursements:</i>				
Current:				
Salaries and Benefits	877,045	-	-	877,045
Purchased and Contracted Services	163,234	\$ 7,795	-	171,029
Library Materials and Information	265,091	-	7,231	272,322
Supplies	40,324	-	-	40,324
Other	12,704	-	-	12,704
Capital Outlay	840	50,736	-	51,576
Total Cash Disbursements	1,359,238	58,531	7,231	1,425,000
Total Cash Receipts Over (Under) Cash Disbursements	1,160	(58,531)	(6,856)	(64,227)
Fund Cash Balance, January 1, 2003	566,366	1,022,487	241,085	1,829,938
Fund Cash Balance, December 31, 2003	<u>\$ 567,526</u>	<u>\$ 963,956</u>	<u>\$ 234,229</u>	<u>\$ 1,765,711</u>
Reserve for Encumbrances, December 31, 2003	<u>\$ 319,028</u>	<u>\$ 38,846</u>	<u>\$ 685</u>	<u>\$ 358,559</u>

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

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2004 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Ashland Public Library, Ashland 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 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 disbursement 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.)

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

C. CASH AND INVESTMENTS

Investments are included in the fund cash balances. 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 money market accounts are valued at cost. The investment in Star Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. FUND ACCOUNTING

The Library maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Capital Projects Funds: To account for the proceeds of specific revenue sources that are restricted for the acquisition or construction of major capital projects. The Library has the following significant capital project funds:

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2004 and 2003**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

Building Equipment and Repair Fund – This fund receives money from the General Fund to make land improvements, repair and maintain property, and purchase furniture and equipment.

Bookmobile Replacement Fund – This fund receives money from the General Fund and provides for the accumulation of funds used to replace the bookmobile.

Fiduciary Fund (Trust Fund): The trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the library is acting in an agency capacity are classified as agency funds. The Library has the following expendable trust fund:

Expendable Trust Memorial Trust Fund – This fund receives donations to purchase library materials, supplies, and equipment.

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 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**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities on the accompanying financial statements.

H. **TOTAL COLUMNS ON FINANCIAL STATEMENTS**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2004 and 2003**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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 the Library's cash and investments are as follows:

	2004	2003
Demand deposits	\$ 88,250	\$ 98,372
Certificates of deposits	696,860	974,485
Petty Cash/Change Fund	75	75
Total deposits	785,185	1,072,932
Repurchase Agreements	831,158	288,658
Star Ohio	409,292	404,121
Total investments	1,240,450	692,779
Total deposits and investments	\$ 2,025,635	\$ 1,765,711

Deposits: Deposits are either 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 are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

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

2004 Appropriations vs. Actual Expenditures			
Fund Type	Appropriations	Actual Expenditures	Variance
General	\$ 1,868,477	\$ 1,797,781	\$ 70,696
Capital Projects	963,956	119,263	844,693
Fiduciary	234,529	6,393	228,136
Total	\$ 3,066,962	\$ 1,923,437	\$ 1,143,525

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2004 and 2003**

3. BUDGETARY ACTIVITY - (continued)

Fund Type	2003 Appropriations vs. Actual Expenditures		
	Appropriations	Actual Expenditures	Variance
General	\$ 1,861,149	\$ 1,678,266	\$ 182,883
Capital Projects	1,022,487	97,377	925,110
Fiduciary	241,385	7,916	233,469
Total	<u>\$ 3,125,021</u>	<u>\$ 1,783,559</u>	<u>\$ 1,341,462</u>

4. 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, dental and vision coverage to full-time employees through a private carrier.

5. PENSION AND RETIREMENT PLANS

The employees of the Ashland Public Library are covered by the Ohio Public Employees Retirement System (OPERS). The State of Ohio accounts for the activities of the retirement systems and the amounts of these funds are not reflected in the accompanying financial statements.

Ohio Public Employees Retirement System (OPERS)

The Ohio Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the Ohio Public Employees Retirement Board. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% of their gross salaries. For local government employer units, the rate was 13.55% of covered payroll for 2004 and 2003. The contribution rates are determined actuarially. The Library has paid all contributions required through December 31, 2004.

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2004 and 2003**

6. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The Library may be a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Legal Counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Library.

7. 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 buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based upon any additional revenues the Library receives.

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 to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

Rockefeller Building
614 W Superior Ave Ste1242
Cleveland OH 44113-1306
Phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

**The Board of Trustees
Ashland Public Library
Ashland, Ohio**

We have audited the financial statements of the Ashland Public Library, Ashland County, Ohio, (the Library) as and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated March 10, 2005. 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.

Internal Controls 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 an opinion 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 caused by error or fraud 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.

Compliance And Other Matters

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 grant agreements, 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 test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended 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.

Charles E. Harris & Associates, Inc.
March 10, 2005

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of December 31, 2002 and 2001, did not include material citations or recommendations.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

ASHLAND PUBLIC LIBRARY

ASHLAND 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 4, 2005**