



**Auditor of State  
Betty Montgomery**



**SOLO REGIONAL LIBRARY SYSTEM  
NOBLE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended June 30, 2004.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended June 30, 2003.....	4
Notes to the Financial Statements .....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

SOLO Regional Library System  
Noble County  
40774 SR 821  
Caldwell, Ohio 43724

To the Board of Trustees:

We have audited the accompanying financial statements of the SOLO Regional Library System, Noble County, Ohio (the Regional Library System), as of and for the years ended June 30, 2004 and 2003. These financial statements are the responsibility of the Regional Library System'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 Regional Library System 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the SOLO Regional Library System, Noble County, as of June 30, 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 December 17, 2004, on our consideration of the Regional Library System'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.

SOLO Regional Library System  
Noble County  
Independent Accountants' Report  
Page 2

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

December 17, 2004

**SOLO REGIONAL LIBRARY SYSTEM  
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>			
Governmental Grants-In-Aid	\$	\$115,179	115,179
Earnings on Investments	453		453
Services Provided to Other Entities	69,441		69,441
Miscellaneous Receipts	845		845
	<u>70,739</u>	<u>115,179</u>	<u>185,918</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	7,952	62,537	70,489
Purchased and Contracted Services	23,732	45,418	69,150
Library Materials and Information	4,167	2,278	6,445
Supplies	11,798	87	11,885
Other Objects	100		100
Debt Service:			
Capital Lease Payments	8,733	925	9,658
Capital Outlay	3,292	1,211	4,503
	<u>59,774</u>	<u>112,456</u>	<u>172,230</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>10,965</u>	<u>2,723</u>	<u>13,688</u>
Fund Cash Balances, January 1	<u>44,348</u>	<u>0</u>	<u>44,348</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$55,313</u></b>	<b><u>\$2,723</u></b>	<b><u>\$58,036</u></b>

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

**SOLO REGIONAL LIBRARY SYSTEM  
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Governmental Grants-In-Aid	\$	\$154,143	154,143
Earnings on Investments	1,329		1,329
Services Provided to Other Entities	90,423		90,423
			<hr/>
Total Cash Receipts	91,752	154,143	245,895
			<hr/>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	11,244	26,250	37,494
Purchased and Contracted Services	20,645	40,918	61,563
Library Materials and Information	4,632	26,945	31,577
Supplies	11,655	2,691	14,346
Other Objects	85		85
Debt Service:			
Capital Lease Payments	22,415	44,146	66,561
Capital Outlay	344	47,569	47,913
			<hr/>
Total Cash Disbursements	71,020	188,519	259,539
			<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	20,732	(34,376)	(13,644)
			<hr/>
Fund Cash Balances, January 1	23,616	34,376	57,992
			<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$44,348</u></b>	<b><u>\$0</u></b>	<b><u>\$44,348</u></b>

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



**SOLO REGIONAL LIBRARY SYSTEM  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The SOLO Regional Library System, Noble County (the Regional Library System), is a regional library system jointly created and jointly governed according to the provisions of Ohio Rev. Code Section 3375.90 through Section 3375.93. The Regional Library System is composed of fourteen legally separate libraries within Southeast Ohio: Barnesville Hutton Memorial Library, Bellaire Public Library, Caldwell Public Library, Guernsey County District Library, Kate Love Simpson Library, Martins Ferry Public Library, Monroe County District Library, Muskingum County Public Library System, Newark Public Library, Perry County District Library, Public Library of Steubenville and Jefferson County, Puskarich Public Library, St. Clairsville Public Library, and Washington County Library. The Regional Library System is governed by a fourteen-member Board of Trustees selected by the Librarians Council which consists of the Regional Library System administrators or a representative from each member library. The Regional Library System provides annual training workshops for member library employees, technical training and assistance, a central graphics center, and coordinates the delivery of intra-library book loans.

The Regional Library System's management believes these financial statements present all activities for which the Regional Library System 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.

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.

Money market mutual funds (including STAROhio) are recorded at share values reported by the mutual fund.

**SOLO REGIONAL LIBRARY SYSTEM  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003  
(Continued)**

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

**D. Fund Accounting**

The Regional Library System uses fund accounting to segregate cash and investments that are restricted as to use. The Regional Library System 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 Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Regional Library System had the following significant Special Revenue Fund:

State Library Fund – This fund receives money from the State Library of Ohio for operating expenses of the Regional Library System. By agreement with the State Library of Ohio these monies are to be accounted for in a separate fund.

**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.

**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 Regional Library System uses.

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

The Regional Library System 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 June 30 follows:

**SOLO REGIONAL LIBRARY SYSTEM  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

	<u>2004</u>	<u>2003</u>
Demand deposits	\$43,320	\$29,779
STAROhio	14,716	14,569
Total deposits and investments	<u>\$58,036</u>	<u>\$44,348</u>

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

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

**3. STATE-AID**

The primary source of revenue for the Regional Library System is state-aid from the State Library of Ohio. At the beginning of the fiscal year, the State Library outlines in their agreement with the Regional Library System the four quarterly amounts of state-aid that will be remitted by the State Library of Ohio to the Regional Library System. In the event that state funds become unavailable to the State Library of Ohio, the State Library of Ohio shall modify or cease the terms of the agreement based upon the financial restrictions imposed by the State of Ohio.

**4. LEASE PURCHASE AGREEMENT**

The Regional Library System has entered into a lease-purchase agreement with Caldwell Mobile Home Sales for the construction and lease of an office facility. As part of the lease-purchase agreement, the premises will become the property of the Regional Library System in fee simple upon the expiration or the early termination of the lease. The lease-purchase agreement was completely paid off during fiscal year 2004 and the Regional Library System has obtained the property deed.

**5. RETIREMENT SYSTEM**

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

Contribution rates are prescribed by the Ohio Revised Code. OPERS members contributed 8.5% of their gross salaries. The Regional Library System contributed an amount equal to 13.55% of participants' gross salaries. The Regional Library System has paid all contributions required through June 30, 2004.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Regional Library System has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Employee's dishonesty bond

**SOLO REGIONAL LIBRARY SYSTEM  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003  
(Continued)**

**7. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



**Auditor of State  
Betty Montgomery**

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

SOLO Regional Library System  
Noble County  
40774 SR 821  
Caldwell, Ohio 43724

To the Board of Trustees:

We have audited the accompanying financial statements of SOLO Regional Library System, Noble County, Ohio (the Regional Library System), as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated December 17, 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 Regional Library System's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, 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 such an opinion. The results of our tests disclosed no instances of noncompliance that we must report under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Regional Library System's internal control over financial reporting 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.

SOLO Regional Library System  
Noble 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

December 17, 2004



**Auditor of State  
Betty Montgomery**

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**SOLO REGIONAL LIBRARY SYSTEM**

**NOBLE 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  
FEBRUARY 10, 2005**