



**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

REGULAR AUDIT

FOR THE FISCAL YEARS ENDED DECEMBER 31, 2005 AND 2004



**Auditor of State
Betty Montgomery**

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

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**Auditor of State
Betty Montgomery**

Ada Public School District Library
Hardin County
320 North Main Street
Ada, Ohio 45810

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.

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

Betty Montgomery
Auditor of State

September 14, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Ada Public School District Library
Hardin County
320 North Main Street
Ada, Ohio 45810

To the Board of Trustees:

We have audited the accompanying financial statements of Ada Public School District Library, Hardin County, (the "Library"), as of and for the years ended December 31, 2004 and 2005. 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 Government 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 years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, 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 Library's 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.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 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, 2005 and 2004, or its changes in financial position for the years then ended.

Also, 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 Library, as of December 31, 2005 and 2004, and its combined 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 years ended December 31, 2005 and 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.

As discussed in Note 2, for the year ended December 31, 2005, the Library reclassified its trust funds to the same fund classification as required by Generally Accepted Accounting Principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2006, 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 14, 2006

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Library and Local Government Support	\$292,627				\$292,627
Patron Fines and Fees	4,790	3			4,793
Earnings on Investments	5,332	9,833	22,255	3,624	41,044
Contributions, Gifts and Donations	888	66,304			67,192
Miscellaneous	337				337
	<u>303,974</u>	<u>76,139</u>	<u>22,255</u>	<u>3,624</u>	<u>405,992</u>
Total Cash Receipts					
	<u>303,974</u>	<u>76,139</u>	<u>22,255</u>	<u>3,624</u>	<u>405,992</u>
Cash Disbursements:					
Current:					
Salaries	132,544				132,544
Benefits	35,670				35,670
Purchased and Contracted Services	41,194				41,194
Library Materials and Information	19,512	3,320			22,832
Supplies	4,888	1,219			6,107
Other Objects	1,083				1,083
Capital Outlay	2,958		16,912		19,870
	<u>237,848</u>	<u>4,539</u>	<u>16,912</u>	<u>0</u>	<u>259,299</u>
Total Cash Disbursements					
	<u>237,848</u>	<u>4,539</u>	<u>16,912</u>	<u>0</u>	<u>259,299</u>
Total Cash Receipts Over Cash Disbursements	<u>66,126</u>	<u>71,601</u>	<u>5,343</u>	<u>3,624</u>	<u>146,693</u>
Other Financing Receipts/(Disbursements):					
Transfers-In			30,000		30,000
Transfers-Out	(30,000)				(30,000)
	<u>(30,000)</u>		<u>30,000</u>		<u>0</u>
Total Other Financing Receipts/(Disbursements)					
	<u>(30,000)</u>		<u>30,000</u>		<u>0</u>
Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	36,126	71,601	35,343	3,624	146,693
Fund Cash Balances, January 1	110,432	331,647	879,696	118,693	1,440,468
Fund Cash Balances, December 31	<u>\$146,558</u>	<u>\$403,248</u>	<u>\$915,039</u>	<u>\$122,317</u>	<u>\$1,587,162</u>
Reserves for Encumbrances, December 31	<u>\$9,107</u>	<u>\$180</u>	<u>\$41,849</u>	<u>\$0</u>	<u>\$51,136</u>

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

ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

Operating Cash Receipts:	
Earnings on Investments	\$42
Operating Cash Disbursements	<u>0</u>
Operating Receipts Over Operating Disbursements	42
Fund Cash Balance, January 1	<u>1,385</u>
Fund Cash Balance, December 31	<u><u>\$1,427</u></u>

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

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Library and Local Government Support	\$291,025				\$291,025
Patron Fines and Fees	4,239	64			4,303
Earnings on Investments	1,354	140	10,388	3,725	15,607
Contributions, Gifts and Donations	28,433	7		135,647	164,087
Miscellaneous Receipts	201	216			417
Total Cash Receipts	<u>325,253</u>	<u>427</u>	<u>10,388</u>	<u>139,372</u>	<u>475,440</u>
Cash Disbursements:					
Current:					
Salaries	136,446			7,066	143,512
Benefits	31,511			1,058	32,569
Purchased and Contracted Services	48,510				48,510
Library Materials and Information	35,112	347		3,718	39,177
Supplies	7,894	91		1,369	9,354
Other Objects	1,244				1,244
Capital Outlay	4,428	0			4,428
Total Cash Disbursements	<u>265,144</u>	<u>438</u>	<u>0</u>	<u>13,211</u>	<u>278,794</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>60,109</u>	<u>(11)</u>	<u>10,388</u>	<u>126,161</u>	<u>196,647</u>
Other Financing Receipts/(Disbursements):					
Proceeds from Sales of Property	75				75
Transfers-In			40,000	10,000	50,000
Transfers-Out	(50,000)				(50,000)
Other Financing Uses					0
Total Other Financing Receipts/(Disbursements)	<u>(49,925)</u>		<u>40,000</u>	<u>10,000</u>	<u>75</u>
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	10,184	(11)	50,388	136,161	196,722
Fund Cash Balances, January 1	<u>100,249</u>	<u>11,093</u>	<u>829,308</u>	<u>185,789</u>	<u>1,126,439</u>
Fund Cash Balances, December 31	<u><u>\$110,432</u></u>	<u><u>\$11,082</u></u>	<u><u>\$879,696</u></u>	<u><u>\$321,950</u></u>	<u><u>\$1,323,160</u></u>
Reserves for Encumbrances, December 31	<u><u>\$3,221</u></u>	<u><u>\$50</u></u>	<u><u>\$0</u></u>	<u><u>\$75</u></u>	<u><u>\$3,346</u></u>

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

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Operating Cash Receipts:	
Earnings on Investments	\$1,676
Operating Cash Disbursements	
Library Materials and Information	<u>1,500</u>
Operating Receipts Over Operating Disbursements	176
Fund Cash Balances, January 1	<u>118,517</u>
Fund Cash Balances, December 31	<u><u>\$118,693</u></u>

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

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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 Ada Public School District Library Hardin County, (the Library) as a body corporate and politic. The Ada Public School District's Board appoint 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 Ada Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

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 include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

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

Certificates of deposit are valued at cost. Common stock is valued at the fair value when donated. The investment in STAR Ohio (State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting - 2004

The Library uses fund accounting to segregate cash and investments that are restricted as to use. During 2005, 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 Funds

These funds are used to account for proceeds from specific sources (other than from capital projects) that are restricted to expenditure for specific purposes. This classification also accounts for trusts that allow for the principal and interest to be spent on the Library's own programs. The Library had the following Special Revenue Fund:

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A.S. Stambaugh Trust Fund – This fund receives donations for the purchase of books, reference materials, and supplies.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant Capital Project Fund:

Permanent Improvement Fund – Received proceeds transferred from the General Fund. The proceeds were used for major building improvements.

4. Permanent Funds

Trust funds are used to account for resources restricted by legally binding trust agreements that require the Library to maintain the principal of the trust. Interest earning can then be spent on the Libraries own programs. The Library had the following significant Permanent Fund:

Henning Memorial Trust Fund – Receives donations for the maintenance of the Library.

5. Fiduciary Funds (Private Purpose Trust)

Private purpose trust funds account for trust arrangements under which principal and interest from the trust may only be used for the benefit of those individuals, private organizations, or other governments that are not part of the Library. The Library had the following Private Purpose Trust Fund:

A. S. Stambaugh Grave Fund – interest received is used to maintain the grave site of the donor.

During 2004, the Library classified 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 Library had the following Special Revenue Fund:

Historical Preservation Fund – This fund receives donations and copy receipts for maintaining a historical section in the Library.

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant Capital Project Fund:

Permanent Improvement Fund – Received proceeds transferred from the General Fund. The proceeds were used for major building improvements.

4. Fiduciary Funds (Trust Funds)

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. The Library had the following significant fiduciary funds:

Expendable Trust Fund

Memorial Donation Fund – Receives donations for the purchase of books.

Nonexpendable Trust Fund

Henning Memorial Trust Fund – Receives donations for the maintenance of the Library.

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 2005 and 2004 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.

2. CHANGE IN CLASSIFICATION OF FUNDS

During 2005, the Library reclassified its Expendable Trust and Nonexpendable Trust Funds to the same fund categories required by Generally Accepted Accounting Principles (GAAP). This resulted in the Nonexpendable Trust Funds, classified as a Fiduciary Funds during 2004, being reclassified to Permanent Funds. Expendable Trust Funds, classified as Fiduciary Funds during 2004, were reclassified to Governmental Special Revenue Funds, with the exception of one fund that remained a Fiduciary Fund but was reclassified to a Private Purpose Trust Fund.

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. 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:

	2005	2004
Demand deposits	\$693,752	\$784,406
Certificates of deposit	410,462	242,411
Total deposits	1,104,214	1,026,817
STAR Ohio	398,520	329,181
Common Stock	85,855	85,855
Total investments	484,375	415,036
Total deposits and investments	<u>\$1,588,589</u>	<u>\$1,441,853</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) 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 market value of the Library's donated stock at December 31 was as follows:

STOCK	DONATED VALUE	2005	2004
CMS Energy Corporation (2,297 shares)	\$1,440	\$914	\$658
Liberty National Bank (63 shares)	84,415	90,157	86,138

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$310,245	\$303,974	(\$6,271)
Special Revenue	17,570	76,139	58,569
Capital Projects	39,325	52,255	12,930
Permanent Fund	1,240	3,624	2,384
Private Purpose Trust	15	42	27
Total	<u>\$368,395</u>	<u>\$436,034</u>	<u>\$67,639</u>

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$401,061	\$276,955	\$124,106
Special Revenue	142,713	4,719	137,994
Capital Projects	919,021	58,761	860,260
Permanent Fund	61,359		61,359
Private Purpose Trust	1,400		1,400
Total	<u>\$1,525,554</u>	<u>\$340,435</u>	<u>\$1,185,119</u>

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$324,145	\$325,328	\$1,183
Special Revenue	340	427	87
Capital Projects	57,775	50,388	(7,387)
Expendable Trust	113,780	149,372	35,592
Nonexpendable Trust	1,233	1,676	443
Total	<u>\$497,273</u>	<u>\$527,191</u>	<u>\$29,918</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$396,877	\$318,365	\$78,512
Special Revenue	5,433	488	4,945
Capital Projects	887,083	0	887,083
Expendable Trust	234,113	13,286	220,827
Nonexpendable Trust	61,176	1,500	59,676
Total	<u>\$1,584,682</u>	<u>\$333,639</u>	<u>\$1,251,043</u>

5. 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

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

6. 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, 2005.

7. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions
- Public employees dishonesty
- Inland Marine

The Library also provides group health plan coverage to all employees whose normal work week consists of 25 hours or more.



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*

Ada Public School District Library
Hardin County
320 North Main Street
Ada, Ohio 45810

To the Board of Trustees:

We have audited the financial statements of the Ada Public School District Library, Hardin County, (the "Library"), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated September 14, 2006, 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 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 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 matter that we must report under *Government Auditing Standards*.

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Ada Public School District Library
Hardin County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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

September 14, 2006



**Auditor of State
Betty Montgomery**

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ADA PUBLIC SCHOOL DISTRICT LIBRARY

HARDIN 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 5, 2006**