

Claymont Public Library

Tuscarawas County, Ohio

Regular Audit

For the Years Ended December 31, 2005 and 2004

BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

Telephone (740) 289-4131

Fax (740) 289-3639

www.bhscpas.com



**Auditor of State
Betty Montgomery**

Board of Trustees
Claymont Public Library
PO Box 645
Uhrichsville, Ohio 44683

We have reviewed the *Independent Auditor's Report* of the Claymont Public Library, Tuscarawas County, prepared by Balestra, Harr & Scherer, CPAs, Inc. for the audit period January 1, 2004 through December 31, 2005. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the AOS does not legally require your government 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the AOS permits.

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 Claymont Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

October 31, 2006

This Page is Intentionally Left Blank.

**CLAYMONT PUBLIC LIBRARY
TUSCARAWAS COUNTY**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Funds – For the Year Ended December 31, 2005.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Funds – For the Year Ended December 31, 2004.....	4
Notes to the Financial Statements.....	5
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	9

BALESTRA, HARR & SCHERER, CPAs, INC.
CERTIFIED PUBLIC ACCOUNTANTS
528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

Board of Trustees
Claymont Public Library
215 East Third Street
Uhrichsville, Ohio 44683

We have audited the accompanying financial statements of Claymont Public Library, Tuscarawas County, (the Library) as of and for the years ended December 31, 2005 and 2004. 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 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using the basis of accounting prescribed or permitted by the Auditor of State. 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 accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP require the Library to reformat its financial statement presentation and make other changes effective for the year 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. While the Library does not follow GAAP, generally accepted auditing standards require 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 financial statement amounts, the following paragraph does not imply the amounts are materially misstated under 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 paragraph, the financial statements referred to above for the year 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's combined funds as of December 31, 2005 and 2004, or their 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 of Claymont Public Library, Tuscarawas County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements and reserved for encumbrances for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion & Analysis for the years ended December 31, 2005 and 2004. The Library has not presented Management's Discussion & 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 August 24, 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. That report describes scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. The 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.



Balestra, Harr & Scherer, CPAs, Inc.

August 24, 2006

Claymont Public Library
Tuscarawas County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
For the Year Ended December 31, 2005

	Governmental Fund Types		Totals
	General	Capital Projects	(Memorandum Only)
Receipts:			
Library & Local Government Support	\$ 453,301	\$ -	\$ 453,301
Intergovernmental	14,826	-	14,826
Fines and Fees	6,333	-	6,333
Unrestricted Donations	3,862	-	3,862
Earnings on Investments	4,409	18,433	22,842
Miscellaneous	46	2,620	2,666
Total Receipts	482,777	21,053	503,830
Disbursements:			
Salaries	206,335	-	206,335
Fringe Benefits	51,788	-	51,788
Contractual Services	39,613	4,866	44,479
Materials and Information	96,842	-	96,842
Supplies	13,813	-	13,813
Other	1,149	-	1,149
Capital Outlay	31,118	-	31,118
Total Disbursements	440,658	4,866	445,524
Total Receipts Over/(Under) Disbursements	42,119	16,187	58,306
Other Financing Receipts/(Disbursements):			
Sale of Fixed Assets	-	115,726	115,726
Total Other Financing Receipts/(Disbursements)	-	115,726	115,726
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Cash Disbursements	42,119	131,913	174,032
Fund Balance, January 1	306,584	563,612	870,196
Fund Balance, December 31	\$ 348,703	\$ 695,525	\$ 1,044,228
Reserved for Encumbrances	18,131	-	18,131

See the Notes to the Basic Financial Statements.

Claymont Public Library
Tuscarawas County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
For the Year Ended December 31, 2004

	Governmental Fund Types		Totals
	General	Capital Projects	(Memorandum Only)
Receipts:			
Library & Local Government Support	\$ 453,714	\$ -	\$ 453,714
Fines and Fees	9,233	-	9,233
Unrestricted Donations	3,760	-	3,760
Earnings on Investments	1,901	6,973	8,874
Miscellaneous	509	3,470	3,979
Total Receipts	469,117	10,443	479,560
Disbursements:			
Salaries	212,405	-	212,405
Fringe Benefits	57,604	-	57,604
Contractual Services	60,595	4,358	64,953
Materials and Information	67,478	-	67,478
Supplies	11,507	-	11,507
Other	4,177	1,777	5,954
Capital Outlay	14,659	419	15,078
Total Disbursements	428,425	6,554	434,979
Total Receipts Over/(Under) Disbursements	40,692	3,889	44,581
Fund Balance, January 1	265,892	559,723	825,615
Fund Balance, December 31	\$ 306,584	\$ 563,612	\$ 870,196
Reserved for Encumbrances	20,371	1,391	21,762

See the Notes to the Basic Financial Statements.

**CLAYMONT PUBLIC LIBRARY
TUSCARAWAS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Claymont Public Library was created by a merger of the Uhrichsville Library and Dennison Library in 1965. These two libraries were free public libraries created by adoption of a resolution by the local school boards. In any school district in which a free public library has been established by resolution adopted by the board of education of such school district, prior to September 4, 1947 such library shall be under control and management of a board of library trustees consisting of seven members. Such trustees shall serve a term of seven years and without compensation. The board of education shall make appointments to the board of library trustees not later than 45 days after the date a member's term expires or after the date a vacancy occurs whichever is applicable. If an appointment is not made at that time, the appointment shall be made within the next 14 days by the probate court of the county in which the library is situated. The Claymont Public Library provides the public with reading materials and other free public library services.

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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

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. Capital Projects Fund

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).

**CLAYMONT PUBLIC LIBRARY
TUSCARAWAS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and function level of control. Although not required by the Ohio Administrative Code to use encumbrance accounting, the Library has elected to use encumbrance accounting. Also, the Ohio Administrative Code does not require the Library to estimate resources, however, the Library has elected to estimate resources for budgetary 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 disbursements (capital outlays) when paid. These items are not reflected in 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 under the cash basis of accounting used by the Library.

2. EQUITY IN POLLED CASH AND INVESTMENTS

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 cash at December 31 was as follows:

	<u>2005</u>	<u>2004</u>
Demand deposits	\$248,841	\$168,308
Certificates of Deposit	<u>150,000</u>	<u>150,000</u>
Total Deposits	<u>398,841</u>	<u>318,308</u>
STAR Ohio	<u>645,387</u>	<u>551,888</u>
Total Deposits and Investments	<u><u>\$1,044,228</u></u>	<u><u>\$870,196</u></u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or 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.

**CLAYMONT PUBLIC LIBRARY
TUSCARAWAS COUNTY**

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

3. 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	495,975	482,777	(13,198)
Capital Projects	5,000	136,779	131,779
Total	<u>500,975</u>	<u>619,556</u>	<u>118,581</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	602,568	458,789	143,779
Capital Projects	62,500	4,866	57,634
Total	<u>665,068</u>	<u>463,655</u>	<u>204,413</u>

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	463,448	469,117	5,669
Capital Projects	9,560	10,443	883
Total	<u>473,008</u>	<u>479,560</u>	<u>6,552</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	548,126	448,796	99,330
Capital Projects	61,150	7,945	53,205
Total	<u>609,276</u>	<u>456,741</u>	<u>152,535</u>

**CLAYMONT PUBLIC LIBRARY
TUSCARAWAS COUNTY**

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

4. 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 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 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 Board of Trustees. 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 Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

5. RETIREMENT SYSTEMS

The Library's full-time 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 2005 and 2004, 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 contributions required through December 31, 2005.

7. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks: comprehensive property and general liability, general liability, public official's liability, and employers liability.

The Library also provides health insurance to full-time employees.

BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Claymont Public Library
215 East Third Street
Uhrichsville, Ohio 44683

We have audited the financial statements of Claymont Public Library, Tuscarawas County, Ohio (the Library), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated August 24, 2006, wherein we noted the Library followed the basis of accounting prescribed or permitted by the Auditor of State 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.


Internal Control over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our procedures. However, our procedures were not designed to provide assurance on the internal control over financial reporting. 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 of risk that misstatements in amounts that would be material in relation to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be a material weakness. 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 tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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.



Balestra, Harr & Scherer, CPAs, Inc.

August 24, 2006



**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

CLAYMONT PUBLIC LIBRARY

TUSCARAWAS 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
NOVEMBER 14, 2006**