

**GERMANTOWN PUBLIC LIBRARY
MONTGOMERY COUNTY, OHIO**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2004 AND 2003**



**Auditor of State
Betty Montgomery**

Board of Trustees
Germantown Public Library
51 North Plum Street
Germantown, Ohio 45327

We have reviewed the *Independent Auditor's Report* of the Germantown Public Library, Montgomery County, prepared by Bastin & Company, LLC, for the audit period January 1, 2003 to 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.

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. 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 Auditor of State 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 Auditor of State 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 Germantown 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 7, 2005

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**GERMANTOWN PUBLIC LIBRARY
MONTGOMERY COUNTY, OHIO**

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Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Germantown Public Library
Montgomery County
51 North Plum Street
Germantown, Ohio 45327

To the Board of Trustees:

We have audited the accompanying financial statements of the Germantown Public Library, Montgomery County, Ohio, (the Library) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 described more fully in Note 1, the Library prepares its 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 year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), 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 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, governmental units to reformat their statements. The Library has elected not to reformat its statements. Since the 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.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 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, 2004, or their changes in financial position for the year 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, 2004 and 2003, and its combined cash receipts and disbursements 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 and Analysis for the year ended December 31, 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.

In accordance with Government Auditing Standards, we have also issued our report dated June 15, 2005 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 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.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a white background.

Cincinnati, Ohio
June 15, 2005

**GERMANTOWN PUBLIC LIBRARY
MONTGOMERY COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Library and Local Government Support	\$ 852,174	\$ -	\$852,174
Patron Fines and Fees	15,970	-	15,970
Earnings on Investments	3,805	5,843	9,648
Miscellaneous	<u>2,913</u>	<u>-</u>	<u>2,913</u>
Total Cash Receipts	<u>874,862</u>	<u>5,843</u>	<u>880,705</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	571,835	-	571,835
Purchased and Contracted Services	71,406	-	71,406
Supplies	11,347	-	11,347
Library Materials	101,318	-	101,318
Other Objects	3,789	-	3,789
Capital Outlay	<u>27,261</u>	<u>-</u>	<u>27,261</u>
Total Cash Disbursements	<u>786,956</u>	<u>-</u>	<u>786,956</u>
Total Cash Receipts Over Cash Disbursements	<u>87,906</u>	<u>5,843</u>	<u>93,749</u>
Fund Cash Balance, January 1, 2004	<u>356,090</u>	<u>460,594</u>	<u>816,684</u>
Fund Cash Balance, December 31, 2004	<u>\$ 443,996</u>	<u>\$ 466,437</u>	<u>\$ 910,433</u>
Reserves for Encumbrances, December 31, 2004	<u>\$ 15,062</u>	<u>\$ -</u>	<u>\$ 15,062</u>

The accompanying notes are an integral part of these financial statements.

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

	<u>Fiduciary Fund Types</u>
	<u>Nonexpendable Trust Funds</u>
Operating Cash Receipts:	
Restricted Contributions, Gifts and Donations	\$ 5,000
Earnings on Investment	<u>273</u>
Total Operating Cash Receipts	<u>5,273</u>
Operating Cash Disbursements:	
Materials and Supplies	<u>-</u>
Total Operating Cash Disbursements	<u>-</u>
Total Cash Receipts Over Cash Disbursements	<u>5,273</u>
Fund Cash Balance, January 1, 2004	<u>10,080</u>
Fund Cash Balance, December 31, 2004	<u>\$ 15,353</u>
Reserves for Encumbrances, December 31, 2004	<u>\$ -</u>

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

**GERMANTOWN PUBLIC LIBRARY
MONTGOMERY COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Library and Local Government Support	\$ 846,902	\$ -	\$ 846,902
Patron Fines and Fees	16,909	-	16,909
Earnings on Investments	3,154	7,535	10,689
Miscellaneous	<u>1,466</u>	<u>-</u>	<u>1,466</u>
Total Cash Receipts	<u>868,431</u>	<u>7,535</u>	<u>875,966</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	584,488	-	584,488
Purchased and Contracted Services	92,437	-	92,437
Supplies	13,547	-	13,547
Library Materials	98,798	-	98,798
Other Objects	3,722	-	3,722
Capital Outlay	<u>3,557</u>	<u>51,992</u>	<u>55,549</u>
Total Cash Disbursements	<u>796,549</u>	<u>51,992</u>	<u>848,541</u>
Total Cash Receipts Over (Under) Cash Disbursements	<u>71,882</u>	<u>(44,457)</u>	<u>27,425</u>
Fund Cash Balance, January 1, 2003	<u>284,208</u>	<u>505,051</u>	<u>789,259</u>
Fund Cash Balance, December 31, 2003	<u>\$ 356,090</u>	<u>\$ 460,594</u>	<u>\$ 816,684</u>
Reserves for Encumbrances, December 31, 2003	<u>\$ 29,059</u>	<u>\$ -</u>	<u>\$ 29,059</u>

The accompanying notes are an integral part of these financial statements.

**GERMANTOWN PUBLIC LIBRARY
MONTGOMERY COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Fiduciary Fund Types</u>
	<u>Nonexpendable Trust Funds</u>
Operating Cash Receipts:	
Earnings on Investment	<u>\$ 305</u>
Total Operating Cash Receipts	<u>305</u>
Operating Cash Disbursements:	
Materials and Supplies	<u>305</u>
Total Operating Cash Disbursements	<u>305</u>
Total Cash Receipts Over Cash Disbursements	<u>-</u>
Fund Cash Balance, January 1, 2003	<u>10,080</u>
Fund Cash Balance, December 31, 2003	<u>\$ 10,080</u>
Reserves for Encumbrances, December 31, 2003	<u>\$ -</u>

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

**GERMANTOWN PUBLIC LIBRARY
MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Germantown Public Library, Montgomery County, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by Valley View Local School District. 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 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

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.

Certificates of deposit are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

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.

**GERMANTOWN PUBLIC LIBRARY
MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(continued)**

2. 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:

Building Fund – Consists of revenues derived from Board approved transfers from the general fund and expenditures related to equipment purchases, building and land improvements.

3. Fiduciary Fund (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. The Library had the following significant fiduciary fund:

Nonexpendable AMPT and Taylor Trust Fund – Only the interest may be spent for books and reading material.

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 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.

**GERMANTOWN PUBLIC LIBRARY
MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(continued)**

2. EQUITY IN POOLED CASH AND DEPOSITS

The Library maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amounts of cash and investments at December 31 were as follows:

	2004	2003
Demand deposits	\$ 678,671	\$ 687,200
Certificates of deposit	15,080	10,080
Total deposits	693,751	697,280
STAR Ohio	232,035	129,484
Total Investments	232,035	129,484
Total deposits and investments	\$ 925,786	\$ 826,764

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Library, or (3) 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.

3. BUDGETARY ACTIVITY

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

2004 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$847,370	\$874,862	\$27,492
Capital Projects	8,000	5,843	(2,157)
Nonexpendable Trust	250	5,273	5,023
Total	\$855,620	\$885,978	\$30,358

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$939,254	\$802,018	\$137,236
Capital Projects	100,000	0	100,000
Nonexpendable Trust	400	0	400
Total	\$1,039,654	\$802,018	\$237,636

**GERMANTOWN PUBLIC LIBRARY
MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(continued)**

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$946,608	\$868,431	(\$78,177)
Capital Projects	8,000	7,535	(465)
Nonexpendable Trust	600	305	(295)
Total	\$955,208	\$876,271	(\$78,937)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$945,965	\$825,608	\$120,357
Capital Projects	100,000	51,992	48,008
Nonexpendable Trust	600	305	295
Total	\$1,046,565	\$877,905	\$168,660

4. GRANTS-IN-AID

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF 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.

5. RETIREMENT SYSTEMS

The Ohio Public Employees Retirement System of Ohio (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% of participants' gross salaries. The Library has paid all contributions required through December 31, 2004.

6. RISK MANAGEMENT

Commercial Insurance

The Germantown Public Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions,
- Fidelity bond

Bastin & Company, LLC

Certified Public Accountants

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Germantown Public Library

We have audited the accompanying financial statements of the Germantown Public Library, Montgomery County, Ohio (the Library) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 15, 2005 wherein we noted the Library prepared its financial statements using accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

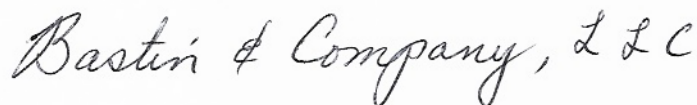
Compliance

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 grants, 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*.

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 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.

This report is intended solely for the information and use of the audit committee, management and Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.



Cincinnati, Ohio
June 15, 2005



**Auditor of State
Betty Montgomery**

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**GERMANTOWN PUBLIC LIBRARY
MONTGOMERY 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**