

**ELLA M. EVERHARD PUBLIC LIBRARY  
MEDINA COUNTY**

**INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED  
DECEMBER 31, 2004





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Ella M. Everhard Public Library  
132 Broad Street  
Wadsworth, Ohio 44281

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

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 Ella M. Everhard Public Library is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

December 6, 2006

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**ELLA M. EVERHARD PUBLIC LIBRARY, OHIO  
MEDINA COUNTY  
FOR THE YEAR ENDED  
DECEMBER 31, 2004**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Ella M. Everhard Public Library, Medina County  
132 Broad Street  
Wadsworth, OH 44281

We have audited the accompanying financial statements of Ella M. Everhard Public Library, Medina County, (the Library), as of and for the year ended December 31, 2004. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions 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 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 statement 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 statement presents for 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 statement does not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Library has elected not to reformat its statement. 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.

## **INDEPENDENT AUDITOR'S REPORT** (continued)

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 does not present fairly, in conformity with accounting principals generally accepted in the United States of America, the financial position of the Library as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Ella M. Everhard Public Library as of December 31, 2004, and its combined cash receipts and disbursements for the year 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 statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 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 express an opinion 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.

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

August 8, 2006

**Ella M. Everhard Public Library  
Medina County  
Combined Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash  
Balances - All Governmental and Similar Fiduciary Fund Types  
For the Year Ended December 31, 2004**

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts					
Property Taxes	\$876,839	\$0	\$0	\$0	\$876,839
Other Local Taxes	1,028,270	0	0	0	1,028,270
Intergovernmental	134,859	0	0	0	134,859
Patron Fines and Fees	53,605	0	0	0	53,605
Earnings on Investments	20,026	0	20,085	1,427	41,538
Contributions, Gifts and Donations	4,947	0	0	0	4,947
Miscellaneous Receipts	1,012	0	0	0	1,012
<b>Total Cash Receipts</b>	<b>2,119,558</b>	<b>0</b>	<b>20,085</b>	<b>1,427</b>	<b>2,141,070</b>
Cash Disbursements					
Current:					
Salaries and Benefits	1,388,952	0	0	0	1,388,952
Purchased and Contracted Services	347,303	1,613	3,773	0	352,689
Other Objects	319,806	3,869	71,200	1,695	396,570
Capital Outlay	10,316	0	115,778	0	126,094
<b>Total Cash Disbursements</b>	<b>2,066,377</b>	<b>5,482</b>	<b>190,751</b>	<b>1,695</b>	<b>2,264,305</b>
Total Receipts Over/(Under) Disbursements	53,181	(5,482)	(170,666)	(268)	(123,235)
Fund Cash Balances, January 1	1,205,578	5,958	1,311,631	99,667	2,622,834
Fund Cash Balances, December 31	<u>\$1,258,759</u>	<u>\$476</u>	<u>\$1,140,965</u>	<u>\$99,399</u>	<u>\$2,499,599</u>
Reserve For Encumbrances, December 31	<u>\$54,551</u>	<u>\$476</u>	<u>\$115,194</u>	<u>\$14,300</u>	<u>\$184,521</u>

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

ELLA M. EVERHARD PUBLIC LIBRARY  
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

Ella M. Everhard Public Library, Medina County, Ohio (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Wadsworth City School Board of Education. The Library provides the community with various educational and literary resources.

The Wadsworth Public Library Foundation, Inc. (the Foundation) is not part of the reporting entity and is excluded from the accompanying financial statements. The Foundation is a separate corporate body. A Board of Trustees consisting of 9 interested persons residing in the State of Ohio manages the Foundation's affairs. The Library Board of Trustees appoints two members to the Foundation's Board of Trustees. The Foundation is organized exclusively for charitable, educational, scientific and literary purposes within the meaning of Section 501(c) (3) of the Internal Revenue Code of 1986 and to operate exclusively for the benefit of the Ella M. Everhard Public Library and to further the Library's charitable purposes.

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. STAR Ohio is recorded at share values reported by the mutual fund.

ELLA M. EVERHARD PUBLIC LIBRARY  
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

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

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. 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's only Special Revenue Fund was the Drew Carey Grant Fund. Monies maintained in this account were used to fund young adult services.

3. 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). The Library's significant capital project fund was the Library Improvement Bond Fund. This fund received bond proceeds to be used for the construction, renovation and additions to the Library.

4. Fiduciary Funds (Trust and Agency 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's Bequest Endowment Fund is an expendable trust fund. This fund receives interest and donations for general use.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursement and encumbrances) may not exceed appropriations at the fund, function and object level of control.

A summary of 2004 budgetary activity appears in Note 3.

ELLA M. EVERHARD PUBLIC LIBRARY  
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

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

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 Library's basis of accounting the Library uses.

2. **EQUITY IN POOLED 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 and investments at December 31 was as follows:

	2004
Demand deposits	\$51,582
Huntington National Bank Money Market Bank Accounts	698,069
Total Deposits	749,651
STAR Ohio	1,749,948
Total Deposits and Investments	\$2,499,599

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institutions public entity deposit pool.

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

ELLA M. EVERHARD PUBLIC LIBRARY  
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

3. **BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2004 follows:

<u>2004 Budget vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$2,425,086	\$2,120,928	\$304,158
Special Revenue	5,958	5,958	0
Capital Projects	667,461	305,945	361,516
Fiduciary	59,000	15,995	43,005
 Total	 <u>\$3,157,505</u>	 <u>\$2,448,826</u>	 <u>\$708,679</u>

4. **TAX RECEIPTS**

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants in Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

5. **RETIREMENT SYSTEM**

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

Contribution rates are also prescribed by the Ohio Revised Code. The Library members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2004. The Library has paid all contributions required through December 31, 2004.

ELLA M. EVERHARD PUBLIC LIBRARY  
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

6. **RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Errors and omissions

The Library also provides health, dental, vision and life insurance coverage to employees working at least 25 hours per week through a private carrier.

**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  
Ella M. Everhard Public Library, Medina County  
132 Broad Street  
Wadsworth, OH 44281

We have audited the financial statements of Ella M. Everhard Public Library, Medina County, (the Library), as of and for the year ended December 31, 2004, and have issued our report thereon dated August 8, 2006, wherein we noted the Library followed 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.

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 opinions on the financial statement and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control 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 that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatements, 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

**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*** (continued)

of our tests disclosed no instances of noncompliance or other matters 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 Board of Trustees, and is not intended to be and should not be used by anyone other than those specified parties.

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

August 8, 2006



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
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**ELLA M. EVERHARD PUBLIC LIBRARY**

**MEDINA 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  
DECEMBER 19, 2006**