

COSHOCTON PUBLIC LIBRARY
AUDIT REPORT
JANUARY 1, 2005 - DECEMBER 31, 2006

Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701



Mary Taylor, CPA

Auditor of State

Board of Trustees
Coshocton Public Library
655 Main Street
Coshocton, Ohio 43812

We have reviewed the *Independent Auditors' Report* of the Coshocton Public Library, Coshocton County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2005 through December 31, 2006. 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 Auditors' 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 Auditors' 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 Coshocton Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 26, 2007

This Page is Intentionally Left Blank.

**COSHOCTON PUBLIC LIBRARY
COSHOCTON COUNTY
JANUARY 1, 2005 - DECEMBER 31, 2006**

TABLE OF CONTENTS

Table of Contents	(i)
Independent Auditors' Report	1-2
Financial Statements	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Similar Fiduciary Fund Types For the Year Ended December 31, 2006	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Similar Fiduciary Fund Types For the Year Ended December 31, 2005	4
Statements of Cash Receipts, Cash Disbursements, and Changes In Fund Balances - Non-Expendable Trust Fund For the Years Ended December 31, 2006 and 2005	5
Notes to the Financial Statements	6-9
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards.	10

This Page is Intentionally Left Blank.

WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Coshocton Public Library
Coshocton County
655 Main Street
Coshocton, Ohio 43812

We have audited the accompanying financial statements of the Coshocton Public Library, Coshocton County, as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Coshocton Public 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 Coshocton Public 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. 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 would require the Library to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. 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 governments 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.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Coshocton Public Library's combined funds as of December 31, 2006 and 2005, and their changes in financial position.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Coshocton Public Library, Coshocton County, as of December 31, 2006 and 2005, 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 require the Library to include Management's Discussion and Analysis for the year ended December 31, 2006 and 2005. 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 a report dated March 20, 2007, on our consideration of the Coshocton Public Library's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
March 20, 2007

**COSHOCTON PUBLIC LIBRARY
COSHOCTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
State Library Local Government Support	\$ 1,382,578	\$ -	\$ -	\$ -	\$ 1,382,578
Other Government Grants-in-Aid	-	6,419	5,155	-	11,574
Patron Fines and Fees	42,214	-	-	-	42,214
Earnings on Investments	55,448	734	42,561	1	98,744
Charges for Services	-	9,882	-	-	9,882
Contributions, Gifts and Donations	3,294	72,438	20,034	133	95,899
Miscellaneous Receipts	4,447	245	-	-	4,692
Total Cash Receipts	<u>1,487,981</u>	<u>89,718</u>	<u>67,750</u>	<u>134</u>	<u>1,645,583</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	912,540	94,638	-	-	1,007,178
Purchased and Contracted Services	160,256	33,814	-	134	194,204
Supplies	26,406	2,866	-	-	29,272
Library Materials and Information	179,318	325	-	-	179,643
Other	6,531	552	-	-	7,083
Capital Outlay	5,757	14,504	59,682	-	79,943
Total Cash Disbursements	<u>1,290,808</u>	<u>146,699</u>	<u>59,682</u>	<u>134</u>	<u>1,497,323</u>
Total Cash Receipts Over/(Under) Cash Disbursements	197,173	(56,981)	8,068	-	148,260
Other Financing Receipts/(Disbursements)					
Proceeds from Sale of Property	107	2,000	-	-	2,107
Transfers-In	-	59,850	60,000	-	119,850
Transfers-Out	(119,850)	-	-	-	(119,850)
Total Other Financing Receipts/(Disbursements)	<u>(119,743)</u>	<u>61,850</u>	<u>60,000</u>	<u>-</u>	<u>2,107</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	77,430	4,869	68,068	-	150,367
Fund Cash Balances, January 1	<u>874,678</u>	<u>2,580</u>	<u>719,542</u>	<u>-</u>	<u>1,596,800</u>
Fund Cash Balances, December 31	<u>\$ 952,108</u>	<u>\$ 7,449</u>	<u>\$ 787,610</u>	<u>\$ -</u>	<u>\$ 1,747,167</u>
Reserve for Encumbrances, December 31	<u>\$ 28,729</u>	<u>\$ 2,447</u>	<u>\$ 8,130</u>	<u>\$ -</u>	<u>\$ 39,306</u>

See notes to financial statements.

**COSHOCTON PUBLIC LIBRARY
COSHOCTON COUNTY**

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

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
State Library Local Government Support	\$ 1,382,578	\$ -	\$ -	\$ -	\$ 1,382,578
Other Government Grants-in-Aid	-	7,133	-	-	7,133
Patron Fines and Fees	31,958	285	-	-	32,243
Earnings on Investments	25,397	678	14,266	1	40,342
Charges for Services	-	14,095	-	-	14,095
Contributions, Gifts and Donations	2,901	59,303	23,360	1,083	86,647
Miscellaneous Receipts	5,534	1,319	-	-	6,853
Total Cash Receipts	<u>1,448,368</u>	<u>82,813</u>	<u>37,626</u>	<u>1,084</u>	<u>1,569,891</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	916,754	91,376	-	-	1,008,130
Purchased and Contracted Services	175,847	40,674	6,484	1,084	224,089
Supplies	27,929	4,508	-	-	32,437
Library Materials and Information	196,552	1,041	-	-	197,593
Other	4,429	502	-	-	4,931
Capital Outlay	23,395	1,829	96,705	-	121,929
Total Cash Disbursements	<u>1,344,906</u>	<u>139,930</u>	<u>103,189</u>	<u>1,084</u>	<u>1,589,109</u>
Total Cash Receipts Over/(Under) Cash Disbursements	103,462	(57,117)	(65,563)	-	(19,218)
Other Financing Receipts/(Disbursements)					
Proceeds from Sale of Property	461	-	-	-	461
Transfers-In	-	57,000	200,000	-	257,000
Transfers-Out	(257,000)	-	-	-	(257,000)
Total Other Financing Receipts/(Disbursements)	<u>(256,539)</u>	<u>57,000</u>	<u>200,000</u>	<u>-</u>	<u>461</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(153,077)	(117)	134,437	-	(18,757)
Fund Cash Balances, January 1	<u>1,027,755</u>	<u>2,697</u>	<u>585,105</u>	<u>-</u>	<u>1,615,557</u>
Fund Cash Balances, December 31	<u>\$ 874,678</u>	<u>\$ 2,580</u>	<u>\$ 719,542</u>	<u>\$ -</u>	<u>\$ 1,596,800</u>
Reserve for Encumbrances, December 31	<u>\$ 28,951</u>	<u>\$ 1,133</u>	<u>\$ 1,286</u>	<u>\$ -</u>	<u>\$ 31,370</u>

See notes to financial statements.

**COSHOCTON PUBLIC LIBRARY
COSHOCTON COUNTY**

**STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NON-EXPENDABLE TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	2006	2005
Cash Receipts:		
Earnings on Investments	\$ 9,947	\$ 3,788
Gifts and Bequests	219	715
Transfers-In	-	-
Total Non-operating cash receipts	10,166	4,503
 Cash Disbursements:		
Library Materials and Information	3,239	1,609
 Total Cash Receipts over Cash Disbursements	6,927	2,894
 Fund Cash Balances, January 1	156,502	153,608
 Fund cash Balances, December 31	\$ 163,429	\$ 156,502
 Reserved for Encumbrances, December 31	\$ -	\$ -

See notes to financial statements.

**COSHOCTON PUBLIC LIBRARY
COSHOCTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Coshocton Public Library, Coshocton 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; four are appointed by the Coshocton County Commissioners and three are appointed by the judges of the Court of Common Pleas of Coshocton County. The Library provides the community with books and materials for information, entertainment, intellectual development and enrichment.

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 and 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:

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.

Special Revenue Fund

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 has the following significant Special Revenue Fund:

**COSHOCTON PUBLIC LIBRARY
COSHOCTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (continued)

Special Revenue Fund (Continued)

Johnson-Humrickhouse Museum Fund – This fund is used to account for the operations of the Museum.

Capital Projects 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 trust funds). The Library had the following significant capital projects funds:

Library Building Fund – This fund is used to provide capital improvements to the Library.

Automated Library Systems Fund - This fund is used to purchase or update automated information systems of the Library.

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:

Pomerene House Fund – This is an expendable trust fund established to help maintain the Pomerene Center for the Arts building.

Library Endowment Fund – This is a non-expendable trust fund of which the proceeds of invested funds are credited to the fund to offset operational costs.

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 2006 and 2005 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.

**COSHOCTON PUBLIC LIBRARY
COSHOCTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

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:

	2006	2005
Demand Deposits	\$ 1,791,220	\$ 49,029
Certificates of Deposit	-	1,635,000
Total Deposits	1,791,220	1,684,029
STAR Ohio	119,376	69,273
Total Deposits and Investments	\$ 1,910,596	\$ 1,753,302

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (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 ended December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,663,581	\$ 1,439,387	\$ 224,194
Special Revenue	160,633	149,146	11,487
Capital Projects	85,000	67,812	17,188
Fiduciary	16,206	3,373	12,833
Total	\$ 1,925,420	\$ 1,659,718	\$ 265,702

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,728,230	\$ 1,630,857	\$ 97,373
Special Revenue	156,078	141,063	15,015
Capital Projects	137,000	104,475	32,525
Fiduciary	3,900	2,693	1,207
Total	\$ 2,025,208	\$ 1,879,088	\$ 146,120

**COSHOCTON PUBLIC LIBRARY
COSHOCTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

4 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 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 any additional revenues the Library receives.

5. RETIREMENT SYSTEMS

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

Contribution rates are prescribed by the Ohio Revised Code. The Library's OPERS members contributed 9.0% and 8.5% of their gross salaries for 2006 and 2005, respectively. The Library contributed an amount equal to 13.70% and 13.55% of participants gross salaries for 2006 and 2005, respectively. The Library has paid all contributions required through December 31, 2006.

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

The Library also provides health insurance and life insurance coverage to full-time employees through a private carrier.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

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

Coshocton Public Library
Coshocton County
655 Main Street
Coshocton, Ohio 43812

We have audited the financial statements of The Coshocton Public Library as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated March 20, 2007, 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 Financing Reporting

In planning and performing our audit, we considered the Coshocton Public Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the combined financial statements 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 over financial reporting that might be a material weakness. 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 of risk that misstatements caused by error or fraud 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Coshocton Public Library's combined 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 and other matters that are required to be reported under *Government Auditing Standards*.

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
March 20, 2007



Mary Taylor, CPA
Auditor of State

COSHOCTON PUBLIC LIBRARY

COSHOCTON 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
MAY 10, 2007**