



**Auditor of State
Betty Montgomery**

**CALDWELL PUBLIC LIBRARY
NOBLE COUNTY**

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**Auditor of State
Betty Montgomery**

Caldwell Public Library
Noble County
517 Spruce Street
P.O. Box 230
Caldwell, Ohio 43724

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the Independent Accountants' Report we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Betty Montgomery
Auditor of State

June 8, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Caldwell Public Library
Noble County
517 Spruce Street
P.O. Box 230
Caldwell, Ohio 43724

To the Board of Trustees:

We have audited the accompanying financial statements of Caldwell Public Library, Noble 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the 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 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.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the 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 or cash flows of its proprietary fund 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 Caldwell Public Library, Noble County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the 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 8, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

June 8, 2005

**CALDWELL PUBLIC LIBRARY
NOBLE 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>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Other Governmental Grants-In-Aid	\$457,365	\$	\$457,365
Patron Fines and Fees	12,765		12,765
Earnings on Investments	2,640		2,640
Contributions, Gifts and Donations	402		402
Miscellaneous Receipts	253		253
	<u>473,425</u>	<u>0</u>	<u>473,425</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	256,671		256,671
Purchased and Contracted Services	85,867		85,867
Library Materials and Information	87,199		87,199
Supplies	6,734		6,734
Other Objects	6,777		6,777
Capital Outlay	3,426	5,559	8,985
	<u>446,674</u>	<u>5,559</u>	<u>452,233</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>26,751</u>	<u>(5,559)</u>	<u>21,192</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		115,000	115,000
Transfers-Out	(115,000)		(115,000)
	<u>(115,000)</u>	<u>115,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(88,249)	109,441	21,192
Fund Cash Balances, January 1	178,088	130,756	308,844
Fund Cash Balances, December 31	<u>\$89,839</u>	<u>\$240,197</u>	<u>\$330,036</u>
Reserves for Encumbrances, December 31	<u>\$442</u>	<u>\$107,800</u>	<u>\$108,242</u>

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

**CALDWELL PUBLIC LIBRARY
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Services Provided to Other Entities	\$117,687
Contributions, Gifts and Donations	1,000
Miscellaneous	2,000
	120,687
Operating Cash Disbursements:	
Current:	
Salaries and Benefits	55,815
Purchased and Contracted Services	7,897
Library Materials and Information	15,455
Supplies	6,934
Capital Outlay	10,652
	96,753
Total Operating Cash Disbursements	96,753
Operating Income/(Loss)	23,934
Fund Cash Balances, January 1	54,729
Fund Cash Balances, December 31	\$78,663
Reserves for Encumbrances, December 31	\$48

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

**CALDWELL PUBLIC LIBRARY
NOBLE 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>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Other Government Grants-In-Aid	\$454,525	\$	\$454,525
Patron Fines and Fees	11,791		11,791
Earnings on Investments	2,349		2,349
Contributions, Gifts and Donations	1,352		1,352
Miscellaneous Receipts	539		539
	<u>470,556</u>	<u>0</u>	<u>470,556</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	278,477		278,477
Purchased and Contracted Services	93,971		93,971
Library Materials and Information	85,056		85,056
Supplies	7,613		7,613
Other Objects	6,366		6,366
Capital Outlay	6,418	32,432	38,850
	<u>477,901</u>	<u>32,432</u>	<u>510,333</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(7,345)	(32,432)	(39,777)
Fund Cash Balances, January 1 (See Note 3)	185,433	163,188	348,621
Fund Cash Balances, December 31	<u>\$178,088</u>	<u>\$130,756</u>	<u>\$308,844</u>
Reserves for Encumbrances, December 31	<u>\$13,352</u>	<u>\$0</u>	<u>\$13,352</u>

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

**CALDWELL PUBLIC LIBRARY
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Services Provided to Other Entities	\$132,741
Miscellaneous	129
	132,870
Total Operating Cash Receipts	132,870
Operating Cash Disbursements:	
Current:	
Salaries and Benefits	57,116
Purchased and Contracted Services	9,042
Library Materials and Information	6,767
Supplies	4,542
Capital Outlay	674
	78,141
Total Operating Cash Disbursements	78,141
Operating Income/(Loss)	54,729
Fund Cash Balances, January 1	0
Fund Cash Balances, December 31	\$54,729

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

**CALDWELL PUBLIC LIBRARY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Caldwell Public Library, Noble County (the Library), as a body corporate and politic. The Board members of the Caldwell Exempted Village School District appoint a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

The Library is associated with the SOLO Regional Library which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 8.

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 the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Fund Accounting

The Library uses fund accounting to segregate cash that is restricted as to use. The Library classifies its funds into the following types:

1. General Fund

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

2. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following significant Capital Project Fund:

Building, Maintenance and Repair Fund – This fund is used for the maintenance and repair of the Library building, the Library-Annex building, and the bookmobile garage.

**CALDWELL PUBLIC LIBRARY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends to recover the significant costs of providing certain goods or services through user charges. The Library had the following significant Enterprise Fund:

Bookmobile Program Fund – This fund receives revenue from Monroe, Noble, and Washington County libraries for bookmobile services provided.

D. 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.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

E. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH

The Library maintains a cash pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 follows:

	<u>2004</u>	<u>2003</u>
Demand deposits	<u>\$408,699</u>	<u>\$363,573</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**CALDWELL PUBLIC LIBRARY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. RESTATEMENT OF FUND BALANCES

For the year ended December 31, 2002, an adjustment resulted in a fund balance restatement as follows:

<u>Governmental Funds:</u>	<u>Fund Balances at December 31, 2002</u>	<u>Restatement Amount</u>	<u>Fund Balances at January 1, 2003</u>
Capital Projects	\$154,243	\$8,945	\$163,188
Total	<u>\$154,243</u>	<u>\$8,945</u>	<u>\$163,188</u>

The change in fund balance for the Capital Projects Fund is the result of monies used to open escrow accounts for the construction of the Library Annex Building being improperly shown as expenditures from the Building, Maintenance, and Repair Fund in 2002.

4. BUDGETARY ACTIVITY

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

2004 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$469,525	\$473,425	\$3,900
Capital Projects	0	115,000	115,000
Enterprise	125,455	120,687	(4,768)
Total	<u>\$594,980</u>	<u>\$709,112</u>	<u>\$114,132</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$647,613	\$562,116	\$85,497
Capital Projects	130,756	113,359	17,397
Enterprise	180,184	96,801	83,383
Total	<u>\$958,553</u>	<u>\$772,276</u>	<u>\$186,277</u>

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$472,525	\$470,556	(\$1,969)
Capital Projects	0	0	0
Enterprise	145,468	132,870	(12,598)
Total	<u>\$617,993</u>	<u>\$603,426</u>	<u>(\$14,567)</u>

**CALDWELL PUBLIC LIBRARY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$657,958	\$491,253	\$166,705
Capital Projects	154,243	32,432	121,811
Enterprise	145,468	78,141	67,327
Total	\$957,669	\$601,826	\$355,843

5. 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.

6. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2004.

7. RISK MANAGEMENT

Commercial Insurance

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

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

Some employees of the Caldwell Public Library have health insurance through the Caldwell Exempted Village School District's OME-RESA Health Benefit Plan.

**CALDWELL PUBLIC LIBRARY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

8. JOINTLY GOVERNED ORGANIZATION

The SOLO (Southeastern Ohio Library Organization) Regional Library System is a regional library system created and jointly governed according to the provisions of the Ohio Revised Code Section 3375.90 through Section 3375.93. The Regional Library System is composed of thirteen legally-separate libraries within Southeast Ohio: Barnesville Hutton Memorial Public Library, Bellaire Public Library, Caldwell Public Library, Guernsey County District Library, Kate Love Simpson Library, Martins Ferry Public Library, Monroe County District Library, Newark Public Library, Perry County District Library, Public Library of Steubenville and Jefferson County, Puskarich Public Library, St. Clairsville Public Library, and Washington County Public Library. The Regional Library System is governed by a thirteen member Board of Trustees selected by the Librarians Council which consists of library administrators or a representative from each member library. The Regional Library System provides annual training workshops for member library employees, technical training and assistance, a central graphics center, and coordinates the delivery of intra-library book loans. The Caldwell Public Library's control over budgeting and financing of SOLO is limited to its voting authority and its representation on SOLO's Board of Trustees.

9. RELATED PARTY TRANSACTIONS

The Library pays an annual fee to SOLO Regional Library, a jointly owned organization, of which the Library is a member. The Library paid \$8,000 to the SOLO Regional Library during the period January 1, 2003 through December 31, 2004.

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Caldwell Public Library
Noble County
517 Spruce Street
P. O. Box 230
Caldwell, Ohio 43724

To the Board of Trustees:

We have audited the financial statements of Caldwell Public Library, Noble County, Ohio (the Library), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 8, 2005, wherein we noted the Library follows the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Library's management dated June 8, 2005, we reported an other matter involving internal control over financial reporting we did not deem a reportable condition.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Library's management dated June 8, 2005, we reported an other matter related to noncompliance we deemed immaterial.

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

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 8, 2005



**Auditor of State
Betty Montgomery**

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CALDWELL PUBLIC LIBRARY

NOBLE 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 04, 2005**