



**Auditor of State
Betty Montgomery**

**BLUFFTON PUBLIC LIBRARY
ALLEN COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Bluffton Public Library
Allen County
145 South Main Street
Bluffton, Ohio 45817

To the Board of Trustees:

We have audited the accompanying financial statements of the Bluffton Public Library, Allen County, (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 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 Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 Bluffton Public Library, Allen County, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. 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.

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

Betty Montgomery
Auditor of State

March 22, 2005

**BLUFFTON PUBLIC LIBRARY
ALLEN 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:			
Property and Other Local Taxes	\$52,427		\$52,427
Other Government Grants-In-Aid	285,587		285,587
Patron Fines and Fees	6,353		6,353
Earnings on Investments	1,997	\$7,475	9,472
Contributions, Gifts and Donations	2,173		2,173
Miscellaneous Receipts	343	80,000	80,343
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	348,880	87,475	436,355
Cash Disbursements:			
Current:			
Salaries and Benefits	204,572		204,572
Purchased and Contracted Services	72,936	47,083	120,019
Library Materials and Information	69,418		69,418
Supplies	10,716		10,716
Other Objects	7,962	992	8,954
Capital Outlay		288,104	288,104
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	365,604	336,179	701,783
Total Cash Receipts Over/(Under) Cash Disbursements	(16,724)	(248,704)	(265,428)
Other Financing Receipts/(Disbursements):			
Sale of Fixed Assets	767		767
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	767		767
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(15,957)	(248,704)	(264,661)
Fund Cash Balances, January 1, 2004	203,857	713,500	917,357
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31, 2004	<u>\$187,900</u>	<u>\$464,796</u>	<u>\$652,696</u>
Reserves for Encumbrances, December 31, 2004	<u>\$0</u>	<u>\$100,937</u>	<u>\$100,937</u>

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

**BLUFFTON PUBLIC LIBRARY
ALLEN 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:			
Property and Other Local Taxes	\$52,418		\$52,418
Other Government Grants-In-Aid	300,530		300,530
Patron Fines and Fees	5,978		5,978
Earnings on Investments	2,687	\$14,844	17,531
Contributions, Gifts and Donations	3,308	15	3,323
Miscellaneous Receipts	502		502
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	365,423	14,859	380,282
Cash Disbursements:			
Current:			
Salaries and Benefits	205,250		205,250
Purchased and Contracted Services	54,226	17,517	71,743
Library Materials and Information	54,295		54,295
Supplies	6,345		6,345
Other Objects	4,275	125	4,400
Capital Outlay		1,212,466	1,212,466
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	324,391	1,230,108	1,554,499
Total Cash Receipts Over/(Under) Cash Disbursements	41,032	(1,215,249)	(1,174,217)
Fund Cash Balances, January 1, 2003	162,825	1,928,749	2,091,574
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31, 2003	<u>\$203,857</u>	<u>\$713,500</u>	<u>\$917,357</u>
Reserves for Encumbrances, December 31, 2003	<u>\$0</u>	<u>\$206,466</u>	<u>\$206,466</u>

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

**BLUFFTON PUBLIC LIBRARY
ALLEN 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 Bluffton Public Library, Allen County, (the Library) as a body corporate and politic. The Library is directed by a seven-member Board of Trustees appointed by the Bluffton Exempted Village School District Board of Education. 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 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. Cash and Investments

The Library's accounting basis includes investments as assets. Accordingly, the Library does not record investment purchases as disbursements or investment sales as receipts. The Library records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library values certificates of deposit at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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

2. Capital Project Fund

This fund is used to account for receipts restricted to acquiring or constructing major capital projects. The Capital Projects Fund receives interest from the STAR Ohio account. This fund paid for the Library expansion project.

**BLUFFTON PUBLIC LIBRARY
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

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

F. 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.

G. 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 AND INVESTMENTS

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

	<u>2004</u>	<u>2003</u>
Demand deposits	\$80,848	\$87,269
Certificates of deposit	95,000	95,239
Total deposits	<u>175,848</u>	<u>182,508</u>
STAR Ohio	476,848	734,849
Total deposits and investments	<u><u>\$652,696</u></u>	<u><u>\$917,357</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Library.

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

**BLUFFTON PUBLIC LIBRARY
ALLEN COUNTY**

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

3. BUDGETARY ACTIVITY

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

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$345,037	\$349,647	\$4,610
Capital Projects	2,400	87,475	85,075
Total	<u>\$347,437</u>	<u>\$437,122</u>	<u>\$89,685</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$424,380	\$365,604	\$58,776
Capital Projects	715,900	437,116	278,784
Total	<u>\$1,140,280</u>	<u>\$802,720</u>	<u>\$337,560</u>

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$337,866	\$365,423	\$27,557
Capital Projects	12,292	14,859	2,567
Total	<u>\$350,158</u>	<u>\$380,282</u>	<u>\$30,124</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$428,485	\$324,391	\$104,094
Capital Projects	1,883,779	1,436,574	447,205
Total	<u>\$2,312,264</u>	<u>\$1,760,965</u>	<u>\$551,299</u>

4. GRANTS-IN-AID AND TAX RECEIPTS

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

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions.

**BLUFFTON PUBLIC LIBRARY
ALLEN COUNTY**

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

4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)

The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants in Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

Property owners assess tangible personal property tax. These owners must file a list of tangible 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. CONSTRUCTION BOND LEVY AND DEBT

The Bluffton Exempted Village School District, the Library's taxing authority, authorized a construction bond levy of 1.18 mills, which passed in November of 2001; for the purpose of renovating, improving, and constructing an addition to the Bluffton Public Library. Debt was issued on behalf of the library in the amount of \$1,965,000, in 2002. The School District has assumed responsibility for handling the proceeds of the levy and the repayment of the debt.

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

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

- Comprehensive property and general liability;
- Errors and omissions, and
- Builder's risk property insurance.

8. LIBRARY FOUNDATIONS

The Library Foundation and the Friends of the Library are two non-profit groups that exist and operate toward the betterment of the Bluffton Public Library. These organizations are legally separate and are not fiscally dependent upon the Library. The Friends of the Library issued disbursements on behalf of the Library in the amounts of \$8,154 and \$195 for 2004 and 2003, respectively.

**BLUFFTON PUBLIC LIBRARY
ALLEN COUNTY**

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

9. CONTRACTUAL COMMITMENTS

The Library entered into various contracts for the expansion and renovation of Bluffton Public Library. As of December 31, 2004, the outstanding commitments on these contracts are as follows:

Company	Project	Amount
Tuttle Construction	Library renovation and addition	\$106,420
Bodie Electric	Library renovation and addition	19,834

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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*

Bluffton Public Library
Allen County
145 South Main Street
Bluffton, Ohio 45817

To the Board of Trustees:

We have audited the financial statements of the Bluffton Public Library, Allen County, (the Library), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated March 22, 2005, wherein we 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 *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 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.

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 March 22, 2005, we reported a matter related to noncompliance we deemed immaterial.

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Bluffton Public Library
Allen County
Independent Accountants' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Required By *Government Auditing Standards*
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We intend this report solely for the information and use of 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

March 22, 2005



**Auditor of State
Betty Montgomery**

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BLUFFTON PUBLIC LIBRARY

ALLEN 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
APRIL 12, 2005**