



**Auditor of State
Betty Montgomery**

**COLDWATER PUBLIC LIBRARY
MERCER COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Coldwater Public Library
Mercer County
305 West Main Street
Coldwater, Ohio 45828

To the Board of Trustees:

We have audited the accompanying financial statements of the Coldwater Public Library, Mercer County, Ohio (the Library), as of and for the years ended December 31, 2003 and December 31, 2002. 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.

The Library's transactions were processed using 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 conduct the audit of 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 Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio Governments.

We believe that our audit provides a reasonable basis for our opinion.

As discussed in 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 cash, investments, and combined fund cash balances of the Library, as of December 31, 2003 and December 31, 2002, 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 January 27, 2004 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 grants. 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.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by 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

January 27, 2004

**COLDWATER PUBLIC LIBRARY
MERCER COUNTY**

**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>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Other Government Grants-In-Aid	\$253,077		\$253,077
Patron Fines and Fees	9,667		9,667
Earnings on Investments	1,105	873	1,978
Contributions, Gifts and Donations	6,180	100	6,280
Miscellaneous Receipts	1,424		1,424
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	271,453	973	272,426
Cash Disbursements:			
Current:			
Salaries and Benefits	164,900		164,900
Purchased and Contracted Services	37,920		37,920
Supplies	5,956		5,956
Library Materials and Information	34,489		34,489
Other Objects	12,140		12,140
Capital Outlay	1,086	140,000	141,086
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	256,491	140,000	396,491
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	14,962	(139,027)	(124,065)
Other Financing Receipts and (Disbursements):			
Proceeds from Sales of Property	2,149		2,149
Transfers-In		15,000	15,000
Transfers-Out	(15,000)		(15,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(12,851)	15,000	2,149
	<hr/>	<hr/>	<hr/>
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	2,111	(124,027)	(121,916)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	39,679	141,560	181,239
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$41,790	\$17,533	\$59,323
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	\$3,964	\$0	\$3,964
	<hr/>	<hr/>	<hr/>

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

**COLDWATER PUBLIC LIBRARY
MERCER 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 Funds</u>	<u>Nonexpendable Trust</u>
Operating Cash Receipts:		
Total Operating Cash Receipts	\$0	
Operating Cash Disbursements:		
Total Operating Cash Disbursements	<u>0</u>	
Net Receipts Over/(Under) Disbursements	0	
Fund Cash Balances, January 1	<u>20,000</u>	
Fund Cash Balances, December 31	<u><u>\$20,000</u></u>	

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

**COLDWATER PUBLIC LIBRARY
MERCER COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Other Government Grants-In-Aid	\$259,844		\$259,844
Patron Fines and Fees	8,480		8,480
Earnings on Investments	2,101	2,481	4,582
Contributions, Gifts and Donations	600		600
Miscellaneous Receipts	300		300
Total Cash Receipts	<u>271,325</u>	<u>2,481</u>	<u>273,806</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	164,668		164,668
Purchased and Contracted Services	45,007		45,007
Supplies	7,598		7,598
Library Materials and Information	51,316		51,316
Other Objects	14,125		14,125
Capital Outlay	19,804		19,804
Total Cash Disbursements	<u>302,518</u>		<u>302,518</u>
Total Receipts Over/(Under) Disbursements	(31,193)	2,481	(28,712)
Other Financing Receipts:			
Proceeds from Sales of Property	<u>2,133</u>		<u>2,133</u>
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(29,060)	2,481	(26,579)
Fund Cash Balances, January 1	<u>68,739</u>	<u>139,079</u>	<u>207,818</u>
Fund Cash Balances, December 31	<u><u>\$39,679</u></u>	<u><u>\$141,560</u></u>	<u><u>\$181,239</u></u>
Reserve for Encumbrances, December 31	<u><u>\$6,419</u></u>	<u><u>\$140,000</u></u>	<u><u>\$146,419</u></u>

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

**COLDWATER PUBLIC LIBRARY
MERCER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Fiduciary Funds</u>
	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Total Operating Cash Receipts	\$0
Operating Cash Disbursements:	
Total Operating Cash Disbursements	<u>0</u>
Net Receipts Over/(Under) Disbursements	0
Fund Cash Balances, January 1	<u>20,000</u>
Fund Cash Balances, December 31	<u><u>\$20,000</u></u>

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

**COLDWATER PUBLIC LIBRARY
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Coldwater Public Library, Mercer 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 Ohio. The Library is directed by a six-member Board of Trustees appointed by the Village. 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. STAR Ohio is 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.

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:

Permanent Improvement Fund – used to account for upgrades and repairs to the Library.

**COLDWATER PUBLIC LIBRARY
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 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 nonexpendable trust funds:

Schoch Trust Fund – to establish and maintain travel library of books, tapes, records, videos, cassettes, or any type of item related to the area of travel.

Desch Trust Fund – to purchase books on American History, American Biography, American Historical Fiction, and purchase magazine subscriptions including but not limited to National Geographic and Arizona Highway.

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 2003 and 2002 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2003	2002
Demand deposits	\$15,306	\$4,097
Certificates of deposit	20,000	20,000
Total deposits	35,306	24,097
STAR Ohio	44,017	177,142
Total deposits and investments	\$79,323	\$201,239

**COLDWATER PUBLIC LIBRARY
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (continued)

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$302,379	\$275,455	\$26,924
Capital Projects	141,809	140,000	1,809
Total	\$444,188	\$415,455	\$28,733

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$361,539	\$308,937	\$52,602
Capital Projects	141,178	140,000	1,178
Total	\$502,717	\$448,937	\$53,780

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 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 SYSTEM

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

Contribution rates are prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Library has paid all contributions required through December 31, 2003.

**COLDWATER PUBLIC LIBRARY
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

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

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



Auditor of State Betty Montgomery

REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Coldwater Public Library
Mercer County
305 West Main Street
Coldwater, Ohio 45828

To the Board of Trustees:

We have audited the financial statements of the Coldwater Public Library, Mercer County, (the Library), as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated January 27, 2004, wherein we noted that the Library's financial transactions were processed using 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 conduct the audit of 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.

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.

Coldwater Public Library
Mercer County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended 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.

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

Betty Montgomery
Auditor of State

January 27, 2004



**Auditor of State
Betty Montgomery**

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COLDWATER PUBLIC LIBRARY

MERCER 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
MARCH 11, 2004**