

COSHOCTON PUBLIC LIBRARY
ANNUAL REPORT
YEARS ENDED DECEMBER 31, 2004 AND 2003

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



**Auditor of State
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the Coshocton Public Library, Coshocton County, prepared by Wolfe, Wilson, & Phillips, Inc., for the audit period January 1, 2003 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 Coshocton Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

May 19, 2005

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**COSHOCTON PUBLIC LIBRARY
COSHOCTON COUNTY**

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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, Ohio 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 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, if any, 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 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.

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, Coshocton County combined funds as of December 31, 2004 and 2003, 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, 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 a report dated April 19, 2005, on our consideration of the Coshocton Public Library's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts, and 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
April 19, 2005

**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, 2004**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
State Library Local Government Support	\$ 1,375,020	\$ -	\$ -	\$ -	\$ 1,375,020
Other Government Grants-in-Aid	-	6,515	-	-	6,515
Patron Fines and Fees	33,558	1,120	-	-	34,678
Earnings on Investments	17,618	412	10,339	1	28,370
Charges for Services	-	12,199	-	-	12,199
Contributions, Gifts and Donations	4,168	63,202	38,885	15,721	121,976
Miscellaneous Receipts	11,180	46	-	-	11,226
Total Cash Receipts	<u>1,441,544</u>	<u>83,494</u>	<u>49,224</u>	<u>15,722</u>	<u>1,589,984</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	891,394	89,597	-	-	980,991
Purchased and Contracted Services	168,570	44,867	3,715	15,722	232,874
Supplies	30,282	4,192	-	-	34,474
Library Materials and Information	187,431	6,104	-	-	193,535
Other	15,691	502	2,552	-	18,745
Capital Outlay	7,437	1,482	195,394	-	204,313
Total Cash Disbursements	<u>1,300,805</u>	<u>146,744</u>	<u>201,661</u>	<u>15,722</u>	<u>1,664,932</u>
Total Cash Receipts Over/(Under) Cash Disbursements	140,739	(63,250)	(152,437)	-	(74,948)
Other Financing Receipts/(Disbursements)					
Proceeds from Sale of Property	289	420	-	-	709
Transfers-In	-	54,300	70,000	-	124,300
Transfers-Out	(124,300)	-	-	-	(124,300)
Total Other Financing Receipts/(Disbursements)	<u>(124,011)</u>	<u>54,720</u>	<u>70,000</u>	<u>-</u>	<u>709</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	16,728	(8,530)	(82,437)	-	(74,239)
Fund Cash Balances, January 1	<u>1,011,027</u>	<u>11,227</u>	<u>667,542</u>	<u>-</u>	<u>1,689,796</u>
Fund Cash Balances, December 31	<u>\$ 1,027,755</u>	<u>\$ 2,697</u>	<u>\$ 585,105</u>	<u>\$ -</u>	<u>\$ 1,615,557</u>
Reserve for Encumbrances, December 31	<u>\$ 32,230</u>	<u>\$ 1,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,308</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, 2003**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
State Library Local Government Support	\$ 1,366,487	\$ -	\$ -	\$ -	\$ 1,366,487
Other Government Grants-in-Aid	-	-	18,101	-	18,101
Patron Fines and Fees	31,892	2,590	-	-	34,482
Earnings on Investments	20,583	378	13,526	2	34,489
Charges for Services	-	12,732	-	-	12,732
Contributions, Gifts and Donations	3,424	68,603	6,615	1,393	80,035
Miscellaneous Receipts	1,151	300	2,050	-	3,501
Total Cash Receipts	<u>1,423,537</u>	<u>84,603</u>	<u>40,292</u>	<u>1,395</u>	<u>1,549,827</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	848,757	89,787	-	-	938,544
Purchased and Contracted Services	167,877	36,515	2,120	1,395	207,907
Supplies	30,893	1,912	-	-	32,805
Library Materials and Information	205,944	16	-	-	205,960
Other	16,163	458	-	-	16,621
Capital Outlay	11,099	2,014	249,563	-	262,676
Total Cash Disbursements	<u>1,280,733</u>	<u>130,702</u>	<u>251,683</u>	<u>1,395</u>	<u>1,664,513</u>
Total Cash Receipts Over/(Under) Cash Disbursements	142,804	(46,099)	(211,391)	-	(114,686)
Other Financing Receipts/(Disbursements)					
Proceeds from Sale of Property	373	1,211	-	-	1,584
Transfers-In	-	51,711	85,000	-	136,711
Transfers-Out	(142,330)	-	-	-	(142,330)
Total Other Financing Receipts/(Disbursements)	<u>(141,957)</u>	<u>52,922</u>	<u>85,000</u>	<u>-</u>	<u>(4,035)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	847	6,823	(126,391)	-	(118,721)
Fund Cash Balances, January 1	<u>1,010,180</u>	<u>4,404</u>	<u>793,933</u>	<u>-</u>	<u>1,808,517</u>
Fund Cash Balances, December 31	<u>\$ 1,011,027</u>	<u>\$ 11,227</u>	<u>\$ 667,542</u>	<u>\$ -</u>	<u>\$ 1,689,796</u>
Reserve for Encumbrances, December 31	<u>\$ 37,285</u>	<u>\$ 1,039</u>	<u>\$ 2,640</u>	<u>\$ -</u>	<u>\$ 40,964</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, 2004 AND 2003**

	2004	2003
Cash Receipts:		
Earnings on Investments	\$ 2,123	\$ 3,524
Transfers-In	-	5,619
Total Non-operating cash receipts	2,123	9,143
 Cash Disbursements:		
Library Materials and Information	1,260	-
Total Cash Receipts over Cash Disbursements	863	9,143
 Fund Cash Balances, January 1	152,745	143,602
 Fund cash Balances, December 31	\$ 153,608	\$ 152,745
 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 2004 and 2003 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:

	2004	2003
Demand Deposits	\$ 781,852	\$ 835,485
Certificates of Deposit	956,083	1,006,084
Total Deposits	1,737,935	1,841,569
STAR Ohio	31,230	972
Total Deposits and Investments	\$ 1,769,165	\$ 1,842,541

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, 2004 and 2003 follows:

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,556,585	\$ 1,457,335	\$ 99,250
Special Revenue	154,339	147,822	6,517
Capital Projects	233,377	201,661	31,716
Fiduciary	27,942	16,982	10,960
Total	\$ 1,972,243	\$ 1,823,800	\$ 148,443

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,581,112	\$ 1,460,348	\$ 120,764
Special Revenue	147,975	131,741	16,234
Capital Projects	435,968	254,323	181,645
Fiduciary	1,820	1,395	425
Total	\$ 2,166,875	\$ 1,847,807	\$ 319,068

**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 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants gross salaries for 2004 and 2003. The Library has paid all contributions required through December 31, 2004.

7. 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**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the accompanying financial statements of the Coshocton Public Library as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 19, 2005, 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 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 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 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 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

As part of obtaining reasonable assurance about whether the Coshocton Public Library's 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which we have reported to management of Coshocton Public Library in a separate letter dated April 19, 2005.

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
April 19, 2005



**Auditor of State
Betty Montgomery**

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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
JUNE 2, 2005**