



**Auditor of State
Betty Montgomery**

**CRESTLINE PUBLIC LIBRARY
CRAWFORD COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Crestline Public Library
Crawford County
324 North Thoman Street
Crestline, Ohio 44827

To the Board of Trustees:

We have audited the accompanying financial statements of the Crestline Public Library, Crawford County, Ohio, (the Library) as of and for the years ended December 31, 2004, and December 31, 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 more fully in Note 1, the Library 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 Library as of December 31, 2004, and December 31, 2003, or its change in financial position for the years then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Crestline Public Library, Crawford County, Ohio, as of December 31, 2004, and December 31, 2003, and its 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 May 2, 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.

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Betty Montgomery
Auditor of State

May 2, 2005

**CRESTLINE PUBLIC LIBRARY
CRAWFORD COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGE IN CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2004**

Cash Receipts:	
Library Local Government Support	\$527,228
Patron Fines and Fees	13,410
Earnings on Investments	38,841
Contributions, Gifts and Donations	7,334
Miscellaneous Receipts	<u>2,004</u>
 Total Cash Receipts	 <u>588,817</u>
 Cash Disbursements:	
Current:	
Salaries and Benefits	222,801
Supplies	16,006
Purchased and Contracted Services	76,233
Library Materials	80,171
Other Objects	1,832
Capital Outlay	<u>100,014</u>
 Total Cash Disbursements	 <u>497,057</u>
 Total Cash Receipts Over Cash Disbursements	 91,760
 Cash Balance, January 1, 2004	 <u>2,129,446</u>
 Cash Balance, December 31, 2004	 <u><u>\$2,221,206</u></u>

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

**CRESTLINE PUBLIC LIBRARY
CRAWFORD COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGE IN CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2003**

Cash Receipts:

Library Local Government Support	\$524,067
Patron Fines and Fees	14,919
Earnings on Investments	33,685
Contributions, Gifts and Donations	3,285
Miscellaneous Receipts	<u>3,727</u>

Total Cash Receipts 579,683

Cash Disbursements:

Current:

Salaries and Benefits	216,128
Supplies	17,392
Purchased and Contracted Services	74,159
Library Materials	70,812
Other Objects	1,649
Capital Outlay	<u>18,922</u>

Total Cash Disbursements 399,062

Total Cash Receipts Over Cash Disbursements 180,621

Cash Balance, January 1, 2003 1,948,825

Cash Balance, December 31, 2003 **\$2,129,446**

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

**CRESTLINE PUBLIC LIBRARY
CRAWFORD 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 Crestline Public Library, Crawford County, (the Library) as a body corporate and politic. The Crestline Exempted Village School District Board of Education appoints a seven-member Board of Trustees to govern the Library. 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. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual fund reports.

D. Budgetary Process

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

**CRESTLINE PUBLIC LIBRARY
CRAWFORD COUNTY**

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

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:

	2004	2003
Demand deposits	\$163,158	\$426,758
Certificates of deposit	1,500,000	1,300,000
Total deposits	1,663,158	1,726,758
 STAR Ohio	 558,048	 402,688
Total deposits and investments	\$2,221,206	\$2,129,446

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Library; or collateralized by the financial institution's public entity deposit pool.

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

3. BUDGETARY ACTIVITY

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

2004 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$547,800	\$588,817	\$41,017

2004 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$2,677,246	\$497,057	\$2,180,189

2003 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$542,303	\$579,683	\$37,380

2003 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$2,490,800	\$399,062	\$2,091,738

**CRESTLINE PUBLIC LIBRARY
CRAWFORD COUNTY**

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

4. 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.

5. 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.

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for comprehensive property and general liability.

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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***

Crestline Public Library
Crawford County
324 North Thoman Street
Crestline, Ohio 44827

To the Board of Trustees:

We have audited the financial statements of the Crestline Public Library, Crawford County, Ohio, (the Library) as of and for the years ended December 31, 2004, and December 31, 2003, and have issued our report thereon dated May 2, 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.

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*.

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Crestline Public Library
Crawford 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 the audit committee, management, and Board of Trustees. It is not intended for anyone other than these specified parties.

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Betty Montgomery
Auditor of State

May 2, 2005

**CRESTLINE PUBLIC LIBRARY
CRAWFORD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004, AND DECEMBER 31, 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	Finding Repaid Under Audit – payroll paid to individual who did not work.	Yes	Fully corrected.
2002-002	Bank Reconciliations/ Preparation of Annual Report	Yes	Fully corrected.



**Auditor of State
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CRESTLINE PUBLIC LIBRARY

CRAWFORD 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 17, 2005**