



**Auditor of State
Betty Montgomery**

**GALION PUBLIC LIBRARY
CRAWFORD COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2004.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2003.....	4
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9

THIS PAGE INTENTIONALLY LEFT BLANK



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Galion Public Library
Crawford County
123 North Market Street
Galion, Ohio 44833

To the Board of Trustees:

We have audited the accompanying financial statements of the Galion 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 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 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 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 Library's combined funds as of December 31, 2004, and December 31, 2003, or their changes in financial position for the years then ended.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Galion Public Library, Crawford County, Ohio, as of December 31, 2004, and December 31, 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 January 27, 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

January 27, 2005

**GALION PUBLIC LIBRARY
CRAWFORD 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Library Local Government Support	\$636,310	\$0	\$0	\$636,310
Patrons Fines and Fees	20,637	710	0	21,347
Earnings on Investments	44,827	0	0	44,827
Contributions, Gifts and Donations	33,669	200	43,275	77,144
Other Receipts	1,372	0	384	1,756
	<u>736,815</u>	<u>910</u>	<u>43,659</u>	<u>781,384</u>
Total Cash Receipts				
	<u>736,815</u>	<u>910</u>	<u>43,659</u>	<u>781,384</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	382,222	0	0	382,222
Purchased and Contracted Services	104,824	4,402	11,120	120,346
Library Materials	131,817	45	0	131,862
Supplies	14,924	2,740	0	17,664
Other Objects	4,544	0	0	4,544
Capital Outlay	11,840	0	81,543	93,383
	<u>650,171</u>	<u>7,187</u>	<u>92,663</u>	<u>750,021</u>
Total Cash Disbursements				
	<u>650,171</u>	<u>7,187</u>	<u>92,663</u>	<u>750,021</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>86,644</u>	<u>(6,277)</u>	<u>(49,004)</u>	<u>31,363</u>
Other Financing Receipts:				
Sale of Fixed Assets	252	0	0	252
	<u>252</u>	<u>0</u>	<u>0</u>	<u>252</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>86,896</u>	<u>(6,277)</u>	<u>(49,004)</u>	<u>31,615</u>
Fund Cash Balances, January 1	<u>307,185</u>	<u>228,137</u>	<u>1,015,367</u>	<u>1,550,689</u>
Fund Cash Balances, December 31	<u>\$394,081</u>	<u>\$221,860</u>	<u>\$966,363</u>	<u>\$1,582,304</u>

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

**GALION PUBLIC LIBRARY
CRAWFORD 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Library Local Government Support	\$632,362	\$0	\$0	\$632,362
Patrons Fines and Fees	22,187	2,275	0	24,462
Earnings on Investments	48,730	0	8,025	56,755
Contributions, Gifts and Donations	8,608	13,932	4,000	26,540
Other Receipts	13,000	0	499	13,499
	<u>724,887</u>	<u>16,207</u>	<u>12,524</u>	<u>753,618</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries and Benefits	348,653	0	0	348,653
Purchased and Contracted Services	102,693	4,013	19,632	126,338
Library Materials	121,065	0	0	121,065
Supplies	14,602	2,655	0	17,257
Other Objects	3,102	0	0	3,102
Capital Outlay	28,026	0	44,880	72,906
	<u>618,141</u>	<u>6,668</u>	<u>64,512</u>	<u>689,321</u>
Total Cash Disbursements				
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>106,746</u>	<u>9,539</u>	<u>(51,988)</u>	<u>64,297</u>
Other Financing Receipts:				
Sale of Fixed Assets	<u>78</u>	<u>0</u>	<u>0</u>	<u>78</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	106,824	9,539	(51,988)	64,375
Fund Cash Balances, January 1	<u>200,361</u>	<u>218,598</u>	<u>1,067,355</u>	<u>1,486,314</u>
Fund Cash Balances, December 31	<u><u>\$307,185</u></u>	<u><u>\$228,137</u></u>	<u><u>\$1,015,367</u></u>	<u><u>\$1,550,689</u></u>

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

**GALION 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 Galion Public Library, Crawford County, Ohio, (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 nine-member Board of Trustees appointed by the Galion Public Library Association. 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

The Library maintains an interest bearing check account and certificates of deposit valued at cost.

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 fund types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except for those required to be accounted for in another fund.

2. 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 had the following significant Special Revenue Fund:

Myron and Dorothy Stowe Fund – receives patron fines and fees, and contributions, gifts and donations to fund programs that benefit the Library and its patrons, such as performances of entertainment and educational value, but may also include purchase of equipment, materials or collections in support of such program.

**GALION PUBLIC LIBRARY
CRAWFORD COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

3. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following capital project fund:

Building Fund – received contributions, gifts and donations used to support the acquisition of property, expansion, renovation and repair of Library facilities.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary expenditures 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.

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 follows:

	2004	2003
Deposits	\$182,114	\$212,699
Certificates of deposit	1,400,000	1,337,800
Cash on hand	190	190
Total deposits and investments	\$1,582,304	\$1,550,689

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (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.

**GALION PUBLIC LIBRARY
CRAWFORD COUNTY**

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

3. BUDGETARY ACTIVITY

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

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$675,000	\$737,067	\$62,067
Special Revenue	0	910	910
Capital Projects	0	43,659	43,659
Total	<u>\$675,000</u>	<u>\$781,636</u>	<u>\$106,636</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$822,000	\$650,171	\$171,829
Special Revenue	82,000	7,187	74,813
Capital Projects	400,000	92,663	307,337
Total	<u>\$1,304,000</u>	<u>\$750,021</u>	<u>\$553,979</u>

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$672,000	\$724,965	\$52,965
Special Revenue	2,000	\$16,207	14,207
Capital Projects	5,000	12,524	7,524
Total	<u>\$679,000</u>	<u>\$753,696</u>	<u>\$74,696</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$871,000	\$618,141	\$252,859
Special Revenue	152,000	6,668	145,332
Capital Projects	400,000	64,512	335,488
Total	<u>\$1,423,000</u>	<u>\$689,321</u>	<u>\$733,679</u>

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 any additional revenues the Library receives.

**GALION PUBLIC LIBRARY
CRAWFORD COUNTY**

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

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. For 2004 and 2003, PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% 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 the following risks:

- Comprehensive property and general liability;
- Fine arts, valuable papers and records, data processing;
- Errors and omissions; and
- Employee dishonesty.



Auditor of State Betty Montgomery

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

Galion Public Library
Crawford County
123 North Market Street
Galion, Ohio 44833

To the Board of Trustees:

We have audited the accompanying financial statements of the Galion 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 January 27, 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 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 *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*.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

We intend this report solely for the information and use of the finance 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

January 27, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**GALION 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
MARCH 29, 2005**