



**Auditor of State
Betty Montgomery**

**PUSKARICH PUBLIC LIBRARY
HARRISON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Puskarich Public Library
Harrison County
200 East Market Street
Cadiz, Ohio 43907

To the Board of Trustees:

We have audited the accompanying financial statements of the Puskarich Public Library, Harrison County, Ohio (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 that 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 Puskarich Public Library, Harrison County, Ohio 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 25, 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.

We intend this report solely for the information and use of the audit committee, management, Board of Trustees, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code. No one else should use it.

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 25, 2005

PUSKARICH PUBLIC LIBRARY
HARRISON 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	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:					
Library and Library Government Support	\$539,839	\$24,939			\$564,778
Patron Fines and Fees	21,897				21,897
Earnings on Investments	1,212		\$74	\$729	2,015
Contributions, Gifts and Donations	5,849				5,849
Miscellaneous Receipts	1,216				1,216
Total Cash Receipts	570,013	24,939	74	729	595,755
Cash Disbursements:					
Current:					
Salaries and Benefits	334,832			1,052	335,884
Purchased and Contracted Services	95,440			68	95,508
Library Materials and Information	74,889		363		75,252
Supplies	20,374				20,374
Other	15,748			40	15,788
Debt Service:					
Redemption of Principal		17,691			17,691
Interest Payments and Other Financing Fees and Costs		7,174			7,174
Capital Outlay	11,625		24,292	1,950	37,867
Total Cash Disbursements	552,908	24,865	24,655	3,110	605,538
Total Cash Receipts Over/(Under) Cash Disbursements	17,105	74	(24,581)	(2,381)	(9,783)
Other Financing Receipts/(Disbursements):					
Transfers-In			30,000		30,000
Transfers-Out	(30,000)				(30,000)
Total Other Financing Receipts/(Disbursements)	(30,000)		30,000		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(12,895)	74	5,419	(2,381)	(9,783)
Fund Cash Balances, January 1	68,836	4,132	52,573	54,199	179,740
Fund Cash Balances, December 31	\$55,941	\$4,206	\$57,992	\$51,818	\$169,957
Reserves for Encumbrances, December 31	\$30,977				\$30,977

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

PUSKARICH PUBLIC LIBRARY
HARRISON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Operating Cash Receipts:			
Earnings on Investments	\$6,500	\$475	\$6,975
Total Operating Cash Receipts	6,500	475	6,975
Operating Cash Disbursements:			
Current:			
Library Materials and Information		325	325
Other Objects	620	33	653
Capital Outlay	631		631
Total Operating Cash Disbursements	1,251	358	1,609
Operating Income/(Loss)	5,249	117	5,366
Net Receipts Over/(Under) Disbursements	5,249	117	5,366
Fund Cash Balances, January 1	6,185	27,384	33,569
Fund Cash Balances, December 31	\$11,434	\$27,501	\$38,935

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

PUSKARICH PUBLIC LIBRARY
HARRISON 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	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Library and Library Government Support	\$508,591		\$22,747			\$531,338
Intergovernmental		\$8,218				8,218
Patron Fines and Fees	21,596					21,596
Earnings on Investments	1,224			\$65	\$728	2,017
Contributions, Gifts and Donations	5,173			10,000		15,173
Miscellaneous Receipts	10,676				91	10,767
Total Cash Receipts	547,260	8,218	22,747	10,065	819	589,109
Cash Disbursements:						
Current:						
Salaries and Benefits	341,586				22	341,608
Purchased and Contracted Services	91,166				440	91,606
Library Materials and Information	45,588	4,481		1,510		51,579
Supplies	16,528	197		66		16,791
Other	14,595				200	14,795
Debt Service:						
Redemption of Principal			15,824	10,000		25,824
Interest Payments and Other Financing Fees and Costs			9,034			9,034
Capital Outlay	3,878	3,540		2,058	1,728	11,204
Total Cash Disbursements	513,341	8,218	24,858	13,634	2,390	562,441
Total Cash Receipts Over/(Under) Cash Disbursements	33,919		(2,111)	(3,569)	(1,571)	26,668
Other Financing Receipts/(Disbursements):						
Transfers-In				15,000		15,000
Transfers-Out	(15,000)					(15,000)
Total Other Financing Receipts/(Disbursements)	(15,000)			15,000		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	18,919		(2,111)	11,431	(1,571)	26,668
Fund Cash Balances, January 1	49,917		6,243	41,142	55,770	153,072
Fund Cash Balances, December 31	\$68,836		\$4,132	\$52,573	\$54,199	\$179,740
Reserves for Encumbrances, December 31	\$29,916				\$1,418	\$31,334

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

PUSKARICH PUBLIC LIBRARY
HARRISON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Operating Cash Receipts:			
Earnings on Investments	\$5,500	\$1,339	\$6,839
Total Operating Cash Receipts	<u>5,500</u>	<u>1,339</u>	<u>6,839</u>
Operating Cash Disbursements:			
Current:			
Purchased and Contracted Services	5,747	2,170	7,917
Library Materials and Information		693	693
Other Objects	617	15	632
Total Operating Cash Disbursements	<u>6,364</u>	<u>2,878</u>	<u>9,242</u>
Operating Income/(Loss)	<u>(864)</u>	<u>(1,539)</u>	<u>(2,403)</u>
Net Receipts Over/(Under) Disbursements	(864)	(1,539)	(2,403)
Fund Cash Balances, January 1	<u>7,049</u>	<u>28,923</u>	<u>35,972</u>
Fund Cash Balances, December 31	<u>\$6,185</u>	<u>\$27,384</u>	<u>\$33,569</u>
Reserves for Encumbrances, December 31		<u>\$27</u>	<u>\$27</u>

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

**PUSKARICH PUBLIC LIBRARY
HARRISON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Puskarich Public Library, Harrison 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 seven-member Board of Trustees appointed by Board of Education of Harrison Hills City School District. 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 and common stocks are valued at fair market value when donated.

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. Special Revenue Funds

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:

**PUSKARICH PUBLIC LIBRARY
HARRISON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

LSTA Grant Fund – This fund was a one time grant received in 2003 used to purchase new computers for an existing computer lab at the Main Branch.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. This fund has been established to repay a loan from Harrison County to purchase and renovate the building housing the Scio Branch.

4. 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 funds:

Bill and Melinda Gates Foundation Technology Fund – This grant fund was used to remodel and furnish a new computer lab in the Main Branch.

Capital Project Fund – This fund receives interest earnings and donations to be used for future capital improvements of the library.

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Library had the following significant enterprise fund:

Scio Branch Rental Fund – This fund receives rental income from a restaurant housed in the Scio Branch building.

6. 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:

Rogers Expendable Trust – This Expendable trust fund receives dividends from stock donated to the Library and is used for support of the Library in general.

Smiley Nonexpendable Trust – This trust fund receives interest earned and is used for support of the Library in general.

Clark Nonexpendable Trust – This Nonexpendable trust fund receives interest earned from a certificate of deposit which is used to purchase books and materials for the Library.

**PUSKARICH PUBLIC LIBRARY
HARRISON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tabacchi Nonexpendable Trust – This trust fund receives interest earned and is used for support of the Library in general.

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 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 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:

	2004	2003
Demand deposits	\$138,834	\$143,251
Certificates of deposit	25,549	25,549
Total deposits	164,383	168,800
Common stock (at cost, fair value was \$4,993 and \$39,516 at December 31, 2004 and 2003, respectively.)	44,509	44,509
Total investments	44,509	44,509
Total deposits and investments	\$208,892	\$213,309

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

Investments: The donated shock certificates are held by the Library.

**PUSKARICH PUBLIC LIBRARY
HARRISON 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 Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$663,586	\$613,885	\$49,701
Debt Service	24,900	24,865	35
Capital Projects	40,600	24,655	15,945
Enterprise	7,200	1,251	5,949
Fiduciary	12,065	3,468	8,597
Total	<u>\$748,351</u>	<u>\$668,124</u>	<u>\$80,227</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$581,898	\$558,257	\$23,641
Special Revenue	8,218	8,218	0
Debt Service	24,859	24,858	1
Capital Projects	35,240	13,634	21,606
Enterprise	12,920	6,364	6,556
Fiduciary	16,120	6,713	9,407
Total	<u>\$679,255</u>	<u>\$618,044</u>	<u>\$61,211</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 of any additional revenues the Library receives.

5. DEBT

Debt outstanding at December 31, 2004 was as follows:

General Obligation Notes	<u>Principal</u>	<u>Interest Rate</u>
	\$120,776	5.50%

The note was obligated from Harrison County to aid in the purchase and renovation of the Library's Scio Branch building. The loan is collateralized by the building.

**PUSKARICH PUBLIC LIBRARY
HARRISON COUNTY**

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

5. DEBT (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

	<u>General Obligation Notes</u>
Year ending December 31:	
2005	\$24,865
2006	24,865
2007	24,865
2008	24,865
2009	24,865
2010	<u>16,511</u>
Total	<u>\$140,836</u>

6. 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. The Library has paid all contributions required through December 31, 2004.

7. RISK MANAGEMENT

Commercial Insurance

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

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

The Library also provides health insurance coverage to full-time employees through a private carrier.

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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*

Puskarich Public Library
Harrison County
200 East Market Street
Cadiz, Ohio 43907

To the Board of Trustees:

We have audited the financial statements of the Puskarich Public Library, Harrison County, Ohio (the Library) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated March 25, 2005, 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 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 in order 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*.

Puskarich Public Library
Harrison County
Independent Accountants' Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Required
By *Government Auditing Standards*
Page 2

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

March 25, 2005



**Auditor of State
Betty Montgomery**

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PUSKARICH PUBLIC LIBRARY

HARRISON 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 12, 2005**