



**Auditor of State
Betty Montgomery**

**SELOVER PUBLIC LIBRARY
MORROW COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Selover Public Library
Morrow County
P.O. Box 25
Chesterville, Ohio 43317

To the Board of Trustees:

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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of Selover Public Library, Morrow 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.

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In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 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.

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

Betty Montgomery
Auditor of State

April 15, 2005

**SELOVER PUBLIC LIBRARY
MORROW COUNTY**

**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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Other Government Grants-In-Aid	\$270,352	\$0	\$270,352
Patron Fines and Fees	14,783	0	14,783
Earnings on Investments	6,108	0	6,108
Contributions, Gifts and Donations	400	0	400
	<u>291,643</u>	<u>0</u>	<u>291,643</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries and Benefits	190,278	0	190,278
Purchased and Contracted Services	46,054	0	46,054
Library Materials and Information	48,441	0	48,441
Supplies	12,214	0	12,214
Other	865	0	865
Capital Outlay	1,204	0	1,204
	<u>299,056</u>	<u>0</u>	<u>299,056</u>
Total Cash Disbursements			
Total Cash Receipts (Under) Cash Disbursements	(7,413)	0	(7,413)
Fund Cash Balances, January 1	<u>213,430</u>	<u>100,275</u>	<u>313,705</u>
Fund Cash Balances, December 31	<u>\$206,017</u>	<u>\$100,275</u>	<u>\$306,292</u>

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

**SELOVER PUBLIC LIBRARY
MORROW 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	\$268,668	\$0	\$268,668
Patron Fines and Fees	12,397	0	12,397
Earnings on Investments	7,760	0	7,760
Contributions, Gifts and Donations	1,030	0	1,030
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	289,855	0	289,855
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Salaries and Benefits	181,671	0	181,671
Purchased and Contracted Services	35,164	0	35,164
Library Materials and Information	32,907	0	32,907
Supplies	11,988	0	11,988
Other	1,527	0	1,527
Capital Outlay	441	0	441
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	263,698	0	263,698
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over Cash Disbursements	26,157	0	26,157
Fund Cash Balances, January 1	187,273	100,275	287,548
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$213,430</u>	<u>\$100,275</u>	<u>\$313,705</u>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	<u>\$1,212</u>	<u>\$0</u>	<u>\$0</u>

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

**SELOVER PUBLIC LIBRARY
MORROW 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 Selover Public Library, Morrow County, Ohio, (the Library) as a body corporate and politic. The Library 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. 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 accounts for all financial resources except those required to be accounted for in another fund.

2. Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following significant Capital Project fund:

Building Fund – This fund is used for the maintenance and upkeep associated with the Library building.

**SELOVER PUBLIC LIBRARY
MORROW COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations carry over 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

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

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	\$13,761	\$27,200
Certificates of deposit	130,431	126,453
Total deposits	144,192	153,653
STAR Ohio		
Total investments	162,100	160,052
Total deposits and investments	\$306,292	\$313,705

Deposits: Deposits are insured by the Federal Depository Insurance Corporation 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			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$283,213	\$291,643	\$8,430
Capital Projects	0	0	0
Total	\$283,213	\$291,643	\$8,430

**SELOVER PUBLIC LIBRARY
MORROW COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$482,911	\$299,056	\$183,855
Capital Projects	101,275	0	101,275
Total	\$584,186	\$299,056	\$285,130

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$285,419	\$289,855	\$4,436
Capital Projects	0	0	0
Total	\$285,419	\$289,855	\$4,436

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$458,511	\$264,910	\$193,601
Capital Projects	100,655	0	100,655
Total	\$559,166	\$264,910	\$294,256

4. GRANTS-IN-AID AND TAX RECEIPTS

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.

**SELOVER PUBLIC LIBRARY
MORROW COUNTY**

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

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

7. SUBSEQUENT EVENTS

On March 9, 2005, the Board of Trustees approved the transfer of \$60,000 from STAR Ohio to their depository account for the purchase of a computer system and copier.



**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***

Selover Public Library
Morrow County
P.O. Box 25
Chesterville, Ohio 43317

To the Board of Trustees:

We have audited the financial statements of Selover Public Library, Morrow 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 April 15, 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 *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. In a separate letter to the Library's management dated April 15, 2005, we reported an other matter involving internal control over financial reporting we did not deem a reportable condition.

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*. In a separate letter to the Library's management dated April 15, 2004, we reported other matters related to noncompliance we deemed immaterial.

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We intend this report solely for the information and use of 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

April 15, 2005



**Auditor of State
Betty Montgomery**

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SELOVER PUBLIC LIBRARY

MORROW 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 10, 2005**