



**Auditor of State  
Betty Montgomery**



LIBERTY CENTER PUBLIC LIBRARY  
HENRY COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance - General Fund - For the Year Ended December 31, 2002.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance - General Fund - For the Year Ended December 31, 2001.....	4
Notes to the Financial Statements .....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9
Schedule of Prior Audit Findings.....	11

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS REPORT**

Liberty Center Public Library  
Henry County  
124 East St., P.O. Box 66  
Liberty Center, OH 43532-0066

To the Board of Trustees:

We have audited the accompanying financial statements of the Liberty Center Public Library (the Library) as of and for the years ended December 31, 2002 and 2001. 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 audits.

We conducted our audits 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. We believe that our audits provide a reasonable basis for our opinion.

As discussed in 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 fund cash balances of the Library as of December 31, 2002 and 2001, 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 March 21, 2003 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 grants. 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.

Liberty Center Public Library  
Henry County  
Independent Accountants' Report  
Page 2

This report is intended solely for the information and use of the audit committee, management, Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by 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 21, 2003

**LIBERTY CENTER PUBLIC LIBRARY  
HENRY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>General</b>
<b>Cash Receipts:</b>	
Other Government Grants-In-Aid	\$178,901
Patron Fines and Fees	5,422
Earnings on Investments	2,187
Services Provided to Other Entities	1,294
Contributions, Gifts and Donations	54,424
Miscellaneous Receipts	2,412
 Total Cash Receipts	 244,640
<b>Cash Disbursements:</b>	
Current:	
Salaries and Benefits	91,672
Purchased and Contracted Services	48,010
Library Materials and Information	41,177
Supplies	5,646
Other Objects	1,796
Debt Service:	
Redemption of Principal	96,743
Interest Payments and Other Financing Fees and Costs	1,697
Capital Outlay	100,364
 Total Cash Disbursements	 387,105
 Total Cash Disbursements Over Cash Receipts	 (142,465)
<b>Other Financing Receipts:</b>	
Proceeds of Notes	50,000
 Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	 (92,465)
 Fund Cash Balance, January 1	 190,174
 <b>Fund Cash Balance, December 31</b>	 <b>\$97,709</b>

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

**LIBERTY CENTER PUBLIC LIBRARY  
HENRY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<b>General</b>
<b>Cash Receipts:</b>	
Other Government Grants-In-Aid	\$188,645
Patron Fines and Fees	4,247
Earnings on Investments	7,150
Services Provided to Other Entities	1,258
Contributions, Gifts and Donations	76,818
Miscellaneous Receipts	1,475
 Total Cash Receipts	 279,593
<b>Cash Disbursements:</b>	
Current:	
Salaries and Benefits	104,048
Purchased and Contracted Services	45,884
Library Materials and Information	34,855
Supplies	5,226
Other Objects	2,855
Debt Service:	
Redemption of Principal	40,843
Interest Payments and Other Financing Fees and Costs	6,579
 Total Cash Disbursements	 240,290
 Total Cash Receipts Over Cash Disbursements	 39,303
 Fund Cash Balance, January 1	 150,871
 <b>Fund Cash Balance, December 31</b>	 <b>\$190,174</b>

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



**LIBERTY CENTER PUBLIC LIBRARY  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Liberty Center Public Library, Henry 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 Liberty Center Local School District Board of Education. 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 investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**D. Fund Accounting**

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its fund into the following type:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources.

**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 2002 and 2001 budgetary activity appears in Note 3.

**LIBERTY CENTER PUBLIC LIBRARY  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**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 CASH AND INVESTMENTS**

The Library maintains cash and investments used by the General fund. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	2002	2001
Demand deposits	\$3,959	\$881
STAR Ohio	93,750	189,293
Total deposits and investments	\$97,709	\$190,174

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**Investments:** Investment in STAR Ohio is not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$350,317	\$240,290	\$110,027
	\$350,317	\$240,290	\$110,027

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$393,765	\$387,105	\$6,660
	\$393,765	\$387,105	\$6,660

**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 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,

**LIBERTY CENTER PUBLIC LIBRARY  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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, 2002 was as follows:

	Principal	Interest Rate
Promissory Note	\$48,068	5.10%

The Library entered into a promissory note with Henry County Bank on June 6, 2002. The proceeds of this note were used to purchase adjacent building to expand. This note is secured by a first mortgage on the new building purchased. The final payment toward this note will be made during fiscal year 2012.

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

Year ending December 31:	Promisory Note
2003	\$6,415
2004	6,416
2005	6,415
2006	6,416
2007	6,415
2008 – 2012	28,870
Total	\$60,947

**6. RETIREMENT SYSTEM**

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. The Library has paid all contributions required through December 31, 2002.

**7. RISK MANAGEMENT**

**Commercial Insurance**

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

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

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**Auditor of State  
Betty Montgomery**

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

Liberty Center Public Library  
Henry County  
124 East St., P.O. Box 66  
Liberty Center, OH 43532-0066

To the Board of Trustees:

We have audited the accompanying financial statements of the Liberty Center Public Library (the Library) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated March 21, 2003. We conducted our audits 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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.

**Internal Control over Financial Reporting**

In planning and performing our audits, we considered the 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 assurance 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 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 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.

This report is intended solely for the information and use of the audit committee, management, and Board of Trustees, and is not intended to be and should not be used by 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 21, 2003

**LIBERTY CENTER PUBLIC LIBRARY  
HENRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR END**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2000-00135-001	OAC § 117-4-07 Expenditures in excess of appropriations	Yes	







**Auditor of State  
Betty Montgomery**

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**LIBERTY CENTER PUBLIC LIBRARY**

**HENRY 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 8, 2003**