



**Auditor of State  
Betty Montgomery**



**BELLE CENTER FREE PUBLIC LIBRARY  
LOGAN COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2003.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2002.....	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 Findings.....	11

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Belle Center Free Public Library  
Logan County  
P.O. Box 336  
103 South Elizabeth Street  
Belle Center, Ohio 43310

To the Board of Trustees:

We have audited the accompanying financial statements of the Belle Center Free Public Library, Logan County, (the "Library"), as of and for the years ended December 31, 2003 and 2002. 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. We believe that our audit provides 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, 2003 and 2002, 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 June 9, 2004 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.

This report is intended solely for the information and use of the audit committee, management, the 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

June 9, 2004

**BELLE CENTER FREE PUBLIC LIBRARY  
LOGAN 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Library and Local Government Support	\$82,984		\$82,984
Patrons, Fines and Fees	2,047		2,047
Contributions, Gifts and Donations	1,389		1,389
Earnings on Investments	4,101		4,101
Miscellaneous	497		497
	<hr/>		<hr/>
Total Cash Receipts	91,018		91,018
	<hr/>		<hr/>
<b>Cash Disbursements:</b>			
Current:			
Salaries	29,176		29,176
Employee Fringe Benefits	6,873		6,873
Purchased and Contracted Services	8,250		8,250
Library Materials and Information	18,862		18,862
Supplies	3,835		3,835
Other	3,937		3,937
Capital Outlay	10,491		10,491
	<hr/>		<hr/>
Total Disbursements	81,424		81,424
	<hr/>		<hr/>
Total Receipts Over Disbursements	9,594		9,594
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	169,068	16,826	185,894
	<hr/>		<hr/>
<b>Fund Cash Balances, December 31</b>	<u>\$178,662</u>	<u>\$16,826</u>	<u>\$195,488</u>

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

**BELLE CENTER FREE PUBLIC LIBRARY  
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Library and Local Government Support	\$83,837		\$83,837
Patrons, Fines and Fees	1,629		1,629
Contributions, Gifts and Donations	120		120
Earnings on Investments	5,567		5,567
Miscellaneous	1,000		1,000
Total Cash Receipts	<u>92,153</u>		<u>92,153</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries	25,672		25,672
Employee Fringe Benefits	7,434		7,434
Purchased and Contracted Services	9,790		9,790
Library Materials and Information	21,163		21,163
Supplies	3,156		3,156
Other	10,562		10,562
Total Disbursements	<u>77,777</u>		<u>77,777</u>
Total Receipts Over Disbursements	14,376		14,376
Fund Cash Balances, January 1	<u>154,692</u>	<u>16,826</u>	<u>171,518</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$169,068</u></u>	<u><u>\$16,826</u></u>	<u><u>\$185,894</u></u>

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



**BELLE CENTER FREE PUBLIC LIBRARY  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Belle Center Free Public Library, Logan 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 to be directed by a seven-member Board of Trustees, appointed by the Benjamin Logan Local School District. During 2002, the Library reduced its Board to five members without approval of the Benjamin Logan Local 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**

Certificates of deposit are valued at cost. Common stock is recorded at the value at the time of donation.

**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. Capital Projects Fund**

Capital Projects Funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library's Building Fund is used to record donations and investment proceeds for future construction projects.

**BELLE CENTER FREE PUBLIC LIBRARY  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 2003 and 2002 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.

**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:

	2003	2002
Demand deposits	\$50,788	\$41,194
Certificates of deposit	140,000	140,000
Total deposits	190,788	181,194
 Imperial Oil Ltd. Common Stock (donated value)	 4,700	 4,700
 Total deposits and investments	 \$195,488	 \$185,894

**Deposits:** Deposits are either: (1) insured by the Federal Depository Insurance Corporation; or (2) collateralized by securities specifically pledged by the financial institution to the Library.

**Investments:** The Library maintains investments comprised of donated Imperial Ltd. Stock, which has been recorded at the \$4,700 share value at the time of donation.

As of December 31, 2003 and 2002, the market value of the stock was \$26,652 and \$17,220, respectively.

**Cash on hand:** The Library maintains \$25 in petty cash, which is included in the demand deposit amount reflected above.

**BELLE CENTER FREE PUBLIC LIBRARY  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$95,000	\$81,424	\$13,576

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$89,870	\$77,777	\$12,093

**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, 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.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

**BELLE CENTER FREE PUBLIC LIBRARY  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(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. 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 for 2003 and 2002. The Library has paid all contributions required through December 31, 2003.

**6. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- General liability;
- Property coverage;
- Public officials liability



**Auditor of State  
Betty Montgomery**

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

Belle Center Free Public Library  
Logan County  
P.O. Box 336  
103 South Elizabeth Street  
Belle Center, Ohio 43310

To the Board of Trustees:

We have audited the accompanying financial statements of the Belle Center Free Public Library, Logan County, (the "Library"), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 9, 2004. 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.

**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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, 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

June 9, 2004

**BELLE CENTER FREE PUBLIC LIBRARY  
LOGAN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2003-001**

**Noncompliance**

**Ohio Rev. Code Section 3375.15** states that in any school district in which a free public library has been established, such library shall be under the control and management of a board of library trustees consisting of seven members. The board of education shall make appointments to the board of library trustees not later than forty-five days after the date a member's term expires or after the date a vacancy occurs, whichever is applicable. If the board of education does not make an appointment by that time, the appointment shall be made within the next fourteen days by the probate court of the county in which the library is situated.

The Library reduced its number of Board Members from seven to five without approval of the Benjamin Logan Local School District.

The Library should consult with the Benjamin Logan Local School District on filling the vacant Board Member positions.







**Auditor of State  
Betty Montgomery**

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Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**BELLE CENTER FREE PUBLIC LIBRARY**

**LOGAN 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  
JULY 6, 2004**