



**Auditor of State
Betty Montgomery**

HURT BATTELLE MEMORIAL LIBRARY
MADISON COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Hurt Battelle Memorial Library
Madison County
270 Lilly Chapel Road
West Jefferson, Ohio 43162

To the Board of Trustees:

We have audited the accompanying financial statements of the Hurt Battelle Memorial Library, Madison County, Ohio, (the Library) as of and for the years ended December 31, 2002, and December 31, 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 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, 2002 and December 31, 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 June 20, 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.

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Hurt Battelle Memorial Library
Madison County
Independent Accountants' Report
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This report is intended solely for the information and use of 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 20, 2003

**HURT BATTELLE MEMORIAL LIBRARY
MADISON COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	
Cash Receipts:			
Library and Local Government Support	\$375,954	\$0	\$375,954
Patron Fines and Fees	9,861	0	9,861
Earnings on Investments	5,403	0	5,403
Contributions, Gifts and Donations	28,196	0	28,196
Miscellaneous Receipts	2,840	0	2,840
	<u>422,254</u>	<u>0</u>	<u>422,254</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	207,055	0	207,055
Supplies	11,310	0	11,310
Purchased and Contracted Services	36,603	0	36,603
Materials and Information	61,078	0	61,078
Other Objects	1,447	0	1,447
Debt Service:			
Redemption of Principal	20,000	0	20,000
Interest Payments and Other Financing Fees and Costs	60,786	461	61,247
Capital Outlay	92,475	0	92,475
	<u>490,754</u>	<u>461</u>	<u>491,215</u>
Total Cash Receipts (Under) Cash Disbursements	(68,500)	(461)	(68,961)
Fund Cash Balances, January 1	<u>356,330</u>	<u>461</u>	<u>356,791</u>
Fund Cash Balances, December 31	<u>\$287,830</u>	<u>\$0</u>	<u>\$287,830</u>

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

**HURT BATTELLE MEMORIAL LIBRARY
MADISON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	General	Debt Service	Expendable Trust	
Cash Receipts:				
Library and Local Government Support	\$407,616	\$0	\$0	\$407,616
Patron Fines and Fees	6,967	0	0	6,967
Earnings on Investments	21,791	0	0	21,791
Contributions, Gifts and Donations	19,022	0	0	19,022
Miscellaneous Receipts	17,335	0	0	17,335
Total Cash Receipts	472,731	0	0	472,731
Cash Disbursements:				
Current:				
Salaries and Benefits	192,084	0	0	192,084
Supplies	13,589	0	0	13,589
Purchased and Contracted Services	56,697	0	0	56,697
Material and Information	57,823	0	0	57,823
Other Objects	1,436	0	0	1,436
Debt Service:				
Redemption of Principal	0	19,000	0	19,000
Interest Payments and Other Financing Fees and Costs	0	62,209	0	62,209
Capital Outlay	523,798	0	32,352	556,150
Total Cash Disbursements	845,427	81,209	32,352	958,988
Total Cash Receipts (Under) Cash Disbursements	(372,696)	(81,209)	(32,352)	(486,257)
Other Financing Receipts/(Disbursements):				
Transfers-In	0	15,000	0	15,000
Transfers-Out	(15,000)	0	0	(15,000)
Total Other Financing Receipts/(Disbursements)	(15,000)	15,000	0	0
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(387,696)	(66,209)	(32,352)	(486,257)
Fund Cash Balances, January 1	744,026	66,670	32,352	843,048
Fund Cash Balances, December 31	\$356,330	\$461	\$0	\$356,791

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

**HURT BATTELLE MEMORIAL LIBRARY
MADISON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Hurt Battelle Memorial Library, Madison 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. 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.

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.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at share values reported by the mutual fund.

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. Debt Service Fund

The Debt Service Fund is used to accumulate resources for the payment of note indebtedness.

**HURT BATTELLE MEMORIAL LIBRARY
MADISON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Fund (Trust)

The trust fund is used to account for resources restricted by a legally binding trust agreement. The balance of the Expendable Trust Fund was spent during 2001.

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 object level of control.

A summary of 2002 and 2001 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:

	2002	2001
Demand deposits	\$28,846	\$31,930
Total deposits	28,846	31,930
STAR Ohio	258,984	324,861
Total investments	258,984	324,861
Total deposits and investments	\$287,830	\$356,791

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

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

**HURT BATTELLE MEMORIAL LIBRARY
MADISON COUNTY**

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

3. BUDGETARY ACTIVITY

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

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,074,949	\$490,754	\$584,195
Debt Service	461	461	0
Total	\$1,075,410	\$491,215	\$584,195

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,114,584	\$860,427	\$254,157
Debt Service	86,670	81,209	5,461
Fiduciary	32,352	32,352	0
Total	\$1,233,606	\$973,988	\$259,618

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

The Library issued Library Facilities Notes in the amount of \$999,000 during 2000. These notes were issued to construct an expansion of the Library building and renovations of the entire Library. The securities are backed by the Library from money received from the Local Library Government Support Fund which is funded through the State of Ohio. These notes are for the duration of 25 years with varying interest rates of 4.75%-6.60%.

Debt outstanding at December 31, 2002:

	Principal	Interest Rate
Library Facilities Note	960,000	4.75%-6.60%

**HURT BATTELLE MEMORIAL LIBRARY
MADISON COUNTY**

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

5. DEBT (Continued)

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

Year ending December 31:	Library Facilities Notes
2003	\$80,213
2004	79,153
2005	82,936
2006	81,561
2007	80,161
2008 - 2012	404,908
2013 - 2017	398,950
2018 - 2022	391,605
2023 - 2025	231,450
Total	<u><u>\$1,830,937</u></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 for 2001 and 2002. The Library has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

Commercial Insurance

The Hurt Battelle Memorial Library has obtained commercial insurance for the following risks:

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

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



**Auditor of State
Betty Montgomery**

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

Hurt Battelle Memorial Library
Madison County
270 Lilly Chapel Road
West Jefferson, Ohio 43162

To the Board of Trustees:

We have audited the accompanying financial statements of the Hurt Battelle Memorial Library, Madison County, Ohio, (the Library) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated June 20, 2003. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated June 20, 2003.

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Hurt Battelle Memorial Library
Madison County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management and the 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 20, 2003



**Auditor of State
Betty Montgomery**

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HURT BATTELLE MEMORIAL LIBRARY

MADISON 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
SEPTEMBER 16, 2003**