



**Auditor of State
Betty Montgomery**

**SENECA EAST PUBLIC LIBRARY
SENECA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Seneca East Public Library
Seneca County
14 North Main Street
P. O. Box 572
Attica, Ohio 44807-0572

To the Board of Trustees:

We have audited the accompanying financial statements of the Seneca East Public Library, Seneca 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 combined fund cash balances of the Seneca East Public Library, Seneca County as of December 31, 2003 and 2002, 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 April 13, 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, 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 style with a large initial "B".

Betty Montgomery
Auditor of State

April 13, 2004

**SENECA EAST PUBLIC LIBRARY
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$ 163,427	\$ -	\$ -	\$ -	\$ 163,427
Patron Fines and Fees	2,457	-	-	-	2,457
Earnings on Investments	133	185	-	-	318
Contributions, Gifts and Donations	17,681	-	-	380	18,061
Miscellaneous Receipts	1,394	-	-	-	1,394
Total Cash Receipts	185,092	185	-	380	185,657
Cash Disbursements					
Current:					
Salaries and Benefits	98,665	-	-	-	98,665
Purchased and Contracted Services	35,565	-	-	-	35,565
Library Materials and Information	29,181	193	-	-	29,374
Supplies	5,058	-	-	-	5,058
Other Objects	7,375	-	-	-	7,375
Debt Service:					
Redemption of Principal	-	-	7,983	-	7,983
Interest Payments and Other	-	-	-	-	-
Financing Fees and Costs	-	-	7,253	-	7,253
Capital Outlay	531	-	-	85	616
Total Cash Disbursements	176,375	193	15,236	85	191,889
Total Cash Receipts Over/ (Under) Cash Disbursements	8,717	(8)	(15,236)	295	(6,232)
Other Financing Receipts/(Disbursements)					
Transfers-In	-	-	15,236	-	15,236
Transfers-Out	(15,236)	-	-	-	(15,236)
Total Other Financing Receipts/(Disbursements)	(15,236)	-	15,236	-	-
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(6,519)	(8)	-	295	(6,232)
Fund Cash Balances, January 1	22,942	5,910	-	1,422	30,274
Fund Cash Balances, December 31	\$ 16,423	\$ 5,902	\$ -	\$ 1,717	\$ 24,042

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**SENECA EAST PUBLIC LIBRARY
SENECA COUNTY**

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$ 161,991	\$ -	\$ -	\$ -	\$ 161,991
Patron Fines and Fees	3,065	-	-	-	3,065
Earnings on Investments	381	427	-	-	808
Contributions, Gifts and Donations	60,384	-	-	1,275	61,659
Miscellaneous Receipts	2,751	-	-	-	2,751
Total Cash Receipts	228,572	427	-	1,275	230,274
Cash Disbursements					
Current:					
Salaries and Benefits	88,844	-	-	-	88,844
Purchased and Contracted Services	42,848	-	-	-	42,848
Library Materials and Information	36,845	-	-	-	36,845
Supplies	6,792	-	-	-	6,792
Other Objects	8,243	-	-	-	8,243
Debt Service:					
Redemption of Principal	-	-	30,373	-	30,373
Interest Payments and Other Financing Fees and Costs	-	-	8,527	-	8,527
Capital Outlay	7,864	189	-	208	8,261
Total Cash Disbursements	191,436	189	38,900	208	230,733
Total Cash Receipts Over/ (Under) Cash Disbursements	37,136	238	(38,900)	1,067	(459)
Other Financing Receipts/(Disbursements)					
Loss in Investment	(4,355)	-	-	-	(4,355)
Transfers-In	-	-	38,900	-	38,900
Transfers-Out	(38,900)	-	-	-	(38,900)
Total Other Financing Receipts/(Disbursements)	(43,255)	-	38,900	-	(4,355)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(6,119)	238	-	1,067	(4,814)
Fund Cash Balances, January 1	29,061	5,672	-	355	35,088
Fund Cash Balances, December 31	\$ 22,942	\$ 5,910	\$ -	\$ 1,422	\$ 30,274

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**SENECA EAST PUBLIC LIBRARY
SENECA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Seneca East Public Library, Seneca 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 Seneca East Board of Education. The Library provides the community with various educational and literary resources.

The Seneca East Public Library Foundation, Inc. is also associated with the Library and is disclosed in Note 8.

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.

Certificates of deposit are valued at cost. Corporate common stock is valued at fair 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:

**SENECA EAST PUBLIC LIBRARY
SENECA COUNTY**

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

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 Fund

This fund is 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 Special Revenue Fund is used to purchase certain equipment for the Library from interest earned on the certificate of deposit.

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness and records the payments for the Library loans.

4. Capital Project Fund

This fund is 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 fund:

The Building Fund is used to record the receipts and expenditures for the Behm Building project.

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 fund 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.

**SENECA EAST PUBLIC LIBRARY
SENECA COUNTY**

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

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:

	2003	2002
Demand deposits	\$ 17,050	\$ 23,250
Certificates of deposit	5,903	5,935
Total deposits	22,953	29,185
Common stock (at cost, fair value was \$406 and \$522 at December 31, 2003 and 2002, respectively.)	1,089	1,089
Total investments	1,089	1,089
Total deposits and investments	\$ 24,042	\$ 30,274

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

Investments: Corporate common stocks are held in book-entry form by the Corporation's agent, in the name of the Library. The Corporate agent maintains records identifying the Library as owner of these securities.

3. BUDGETARY ACTIVITY

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

**SENECA EAST PUBLIC LIBRARY
SENECA COUNTY**

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

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 220,896	\$ 191,611	\$ 29,285
Special Revenue	193	193	-
Debt Service	15,236	15,236	-
Capital Projects	8,780	85	8,695
Total	<u>\$ 245,105</u>	<u>\$ 207,125</u>	<u>\$ 37,980</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 261,471	\$ 234,691	\$ 26,780
Special Revenue	189	189	-
Debt Service	38,900	38,900	-
Capital Projects	10,355	208	10,147
Total	<u>\$ 310,915</u>	<u>\$ 273,988</u>	<u>\$ 36,927</u>

4. 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.

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note	<u>\$ 140,811</u>	3.24%

The General Obligation Note relate to a loan taken out in 1999 to purchase the Behm Building for expansion. The 1999 note was refinanced in 2001.

**SENECA EAST PUBLIC LIBRARY
SENECA COUNTY**

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

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

Year ending December 31:	General Obligation Notes
2004	\$ 8,779
2005	9,577
2006	9,577
2007	9,577
2008	9,577
2009-2013	47,886
2014-2018	47,886
2019-2023	47,886
2024	799
Total	\$ 191,544

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 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, 2003.

7. RISK MANAGEMENT

Commercial Insurance

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

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

**SENECA EAST PUBLIC LIBRARY
SENECA COUNTY**

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

8. RELATED PARTY

The Seneca East Public Library Foundation, Inc. (The Foundation) was incorporated during fiscal year 2003 for the sole purpose of raising additional funding for the Library. At December 31, 2003 the Foundation had a fund balance of \$1,218. The Foundation has seven Library Board members and five outside parties that serve on its Board.



**Auditor of State
Betty Montgomery**

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

Seneca East Public Library
Seneca County
14 North Main Street
P. O. Box 572
Attica, Ohio 44807-0572

To the Board of Trustees:

We have audited the accompanying financial statements of the Seneca East Public Library, Seneca County, (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 13, 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 no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated April 13, 2004.

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 Library in a separate letter dated April 13, 2004.

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

April 13, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

SENECA EAST PUBLIC LIBRARY

SENECA 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 18, 2004**