



**Auditor of State
Betty Montgomery**

**BETTSVILLE PUBLIC LIBRARY
SENECA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Bettsville Public Library
Seneca County
233 State Street, P.O. Box 385
Bettsville, Ohio 44815-0385

To the Board of Trustees:

We have audited the accompanying financial statements of the Bettsville 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 and reserves for encumbrances of the Bettsville 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 May 5, 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, flowing style.

Betty Montgomery
Auditor of State

May 5, 2004

**BETTSVILLE 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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts			
Property and Other Local Taxes	\$ 5,464	\$ -	\$ 5,464
Library and Local Government Support	135,174	-	135,174
Patron Fines and Fees	5,316	-	5,316
Earnings on Investments	3,754	-	3,754
Contributions, Gifts and Donations	712	-	712
Total Cash Receipts	<u>150,420</u>	<u>-</u>	<u>150,420</u>
Cash Disbursements			
Current:			
Salaries and Benefits	62,148	-	62,148
Employee Fringe Benefits	10,533	-	10,533
Purchased and Contracted Services	11,723	-	11,723
Library Materials & Information	29,234	-	29,234
Supplies	7,183	-	7,183
Other	849	-	849
Capital Outlay	7,113	-	7,113
Total Cash Disbursements	<u>128,783</u>	<u>-</u>	<u>128,783</u>
Total Cash Receipts Over Cash Disbursements	<u>21,637</u>	<u>-</u>	<u>21,637</u>
Other Financing Receipts/(Disbursements)			
Transfers-In	-	20,000	20,000
Transfers-Out	(20,000)	-	(20,000)
Total Other Financing Receipts/(Disbursements)	<u>(20,000)</u>	<u>20,000</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	1,637	20,000	21,637
Fund Cash Balances, January 1	<u>115,369</u>	<u>105,769</u>	<u>221,138</u>
Fund Cash Balances, December 31	<u>\$ 117,006</u>	<u>\$ 125,769</u>	<u>\$ 242,775</u>
Reserves for Encumbrances, December 31	<u>\$ 2,119</u>	<u>\$ -</u>	<u>\$ 2,119</u>

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

**BETTSVILLE 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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts			
Property and Other Local Taxes	\$ 5,234	\$ -	\$ 5,234
Library and Local Government Support	128,953	-	128,953
Patron Fines and Fees	6,007	-	6,007
Earnings on Investments	4,966	-	4,966
Contributions, Gifts and Donations	867	-	867
	<u>146,027</u>	<u>-</u>	<u>146,027</u>
Total Cash Receipts			
Cash Disbursements			
Current:			
Salaries and Benefits	61,660	-	61,660
Employee Fringe Benefits	8,233	-	8,233
Purchased and Contracted Services	14,161	-	14,161
Library Materials and Information	33,099	-	33,099
Supplies	6,998	-	6,998
Other	833	-	833
Capital Outlay	5,371	-	5,371
	<u>130,355</u>	<u>-</u>	<u>130,355</u>
Total Cash Disbursements			
Total Cash Receipts Over Cash Disbursements	<u>15,672</u>	<u>-</u>	<u>15,672</u>
Other Financing Receipts/(Disbursements)			
Transfers-In	-	10,000	10,000
Transfers-Out	(10,000)	-	(10,000)
	<u>(10,000)</u>	<u>10,000</u>	<u>-</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	5,672	10,000	15,672
Fund Cash Balances, January 1	109,697	95,769	205,466
	<u>109,697</u>	<u>95,769</u>	<u>205,466</u>
Fund Cash Balances, December 31	<u>\$ 115,369</u>	<u>\$ 105,769</u>	<u>\$ 221,138</u>
Reserves for Encumbrances, December 31	\$ 3,705	\$ -	\$ 3,705
	<u>3,705</u>	<u>-</u>	<u>3,705</u>

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

**BETTSVILLE 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

Bettsville 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 the Bettsville Local School District's 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

Certificates of deposit are valued at cost.

D. Fund Accounting

The Library uses fund accounting to segregate cash that is 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.

**BETTSVILLE PUBLIC LIBRARY
SENECA COUNTY**

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

2. Capital Project Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects.

Building Maintenance and Repair Fund – This fund accumulates money from annual transfers that are to be used for building maintenance, repair and future expansion.

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

The Library maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$ 109,100	\$ 90,799
Certificates of deposit	133,675	130,339
Total deposits	<u>\$ 242,775</u>	<u>\$ 221,138</u>

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.

**BETTSVILLE PUBLIC LIBRARY
SENECA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(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	\$ 278,857	\$ 150,902	\$ 127,955
Capital Projects	105,769		105,769
Total	\$ 384,626	\$ 150,902	\$ 233,724

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 268,637	\$ 144,060	\$ 124,577
Capital Projects	95,769		95,769
Total	\$ 364,406	\$ 144,060	\$ 220,346

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 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 a portion of Property and Other Local Taxes. Payments are due to the County by December 31. If the property owner elects to make

**BETTSVILLE PUBLIC LIBRARY
SENECA COUNTY**

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

semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

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.

5. 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 for 2003 and 2002. The Library has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Commercial Insurance

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

- Comprehensive property and general liability.
- Terrorism.



**Auditor of State
Betty Montgomery**

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

Bettsville Public Library
Seneca County
233 State Street, P.O. Box 385
Bettsville, Ohio 44815-0385

To the Board of Trustees:

We have audited the accompanying financial statements of the Bettsville 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 May 5, 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 an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated May 5, 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated May 5, 2004.

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

May 5, 2004



**Auditor of State
Betty Montgomery**

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BETTSVILLE 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
JUNE 8, 2004**