



**Auditor of State
Betty Montgomery**

**BLISS MEMORIAL PUBLIC LIBRARY
SENECA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Bliss Memorial Public Library
Seneca County
20 South Marion Street
P.O. Box 39
Bloomville, Ohio 44818-0039

To the Board of Trustees:

We have audited the accompanying financial statements of the Bliss Memorial 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.

The Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Library because the Auditor of State designed, developed, implemented, and operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

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 Bliss Memorial 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 March 25, 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.



Betty Montgomery
Auditor of State

March 25, 2004

**BLISS MEMORIAL 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			
Other Government Grants-In-Aid	\$ 151,157	\$ -	\$ 151,157
Patron Fines and Fees	2,160	-	2,160
Earnings on Investments	1,510	-	1,510
Contributions, Gifts and Donations	1,768	-	1,768
Miscellaneous Receipts	242	-	242
	<u>156,837</u>	<u>-</u>	<u>156,837</u>
Total Cash Receipts			
	<u>156,837</u>	<u>-</u>	<u>156,837</u>
Cash Disbursements			
Current:			
Salaries and Benefits	99,465	-	99,465
Supplies	6,031	-	6,031
Purchased and Contracted Services	12,812	-	12,812
Library Materials and Information	32,206	-	32,206
Other Objects	5,848	-	5,848
Capital Outlay	-	1,107	1,107
	<u>-</u>	<u>1,107</u>	<u>1,107</u>
Total Cash Disbursements			
	<u>156,362</u>	<u>1,107</u>	<u>157,469</u>
Total Cash Receipts Over/ (Under) Cash Disbursements	475	(1,107)	(632)
Fund Cash Balances, January 1	<u>46,848</u>	<u>51,904</u>	<u>98,752</u>
Fund Cash Balances, December 31	<u>\$ 47,323</u>	<u>\$ 50,797</u>	<u>\$ 98,120</u>
Reserves for Encumbrances, December 31	<u>\$ 301</u>	<u>\$ -</u>	<u>\$ 301</u>

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

**BLISS MEMORIAL 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			
Other Government Grants-In-Aid	\$ 149,709	\$ -	\$ 149,709
Patron Fines and Fees	2,447	-	2,447
Earnings on Investments	2,674	-	2,674
Contributions, Gifts and Donations	980	-	980
Miscellaneous Receipts	297	-	297
	<u>156,107</u>	<u>-</u>	<u>156,107</u>
Total Cash Receipts			
	<u>156,107</u>	<u>-</u>	<u>156,107</u>
Cash Disbursements			
Current:			
Salaries and Benefits	92,381	-	92,381
Supplies	6,274	-	6,274
Purchased and Contracted Services	15,300	-	15,300
Library Materials and Information	39,219	-	39,219
Other Objects	8,295	-	8,295
Capital Outlay	-	21,066	21,066
	<u>161,469</u>	<u>21,066</u>	<u>182,535</u>
Total Cash Disbursements			
	<u>161,469</u>	<u>21,066</u>	<u>182,535</u>
Total Cash Disbursements Over Cash Receipts	<u>(5,362)</u>	<u>(21,066)</u>	<u>(26,428)</u>
Other Financing Receipts/(Disbursements)			
Proceeds from Sales of Property	15	-	15
Transfers-In	-	4,957	4,957
Transfers-Out	(4,957)	-	(4,957)
	<u>(4,942)</u>	<u>4,957</u>	<u>15</u>
Total Other Financing Receipts/(Disbursements)			
	<u>(4,942)</u>	<u>4,957</u>	<u>15</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(10,304)	(16,109)	(26,413)
Fund Cash Balances, January 1	57,152	68,013	125,165
	<u>57,152</u>	<u>68,013</u>	<u>125,165</u>
Fund Cash Balances, December 31	<u>\$ 46,848</u>	<u>\$ 51,904</u>	<u>\$ 98,752</u>
Reserves for Encumbrances, December 31	<u>\$ 814</u>	<u>\$ 892</u>	<u>\$ 1,706</u>

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

**BLISS MEMORIAL 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

Bliss Memorial 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 Tiffin 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.

**BLISS MEMORIAL 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 (except those financed through enterprise or trust funds). The Library had the following significant capital project fund:

Building and Repair Fund – This fund is used for future capital improvement projects to the library.

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.

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

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:

**BLISS MEMORIAL PUBLIC LIBRARY
SENECA COUNTY**

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

Deposits are insured by the Federal Depository Insurance Corporation.

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	\$ 191,143	\$ 156,663	\$ 34,480
Capital Projects	54,796	1,107	53,689
Total	<u>\$ 245,939</u>	<u>\$ 157,770</u>	<u>\$ 88,169</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 207,046	\$ 167,240	\$ 39,806
Capital Projects	87,598	21,958	65,640
Total	<u>\$ 294,644</u>	<u>\$ 189,198</u>	<u>\$ 105,446</u>

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 Other Governments Grants In Aid. Payments are

**BLISS MEMORIAL PUBLIC LIBRARY
SENECA COUNTY**

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

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.

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 and 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.

6. RISK MANAGEMENT

Commercial Insurance

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

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



**Auditor of State
Betty Montgomery**

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

Bliss Memorial Public Library
Seneca County
20 South Marion Street
P.O. Box 39
Bloomville, Ohio 44818-0039

To the Board of Trustees:

We have audited the accompanying financial statements of the Bliss Memorial 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 March 25, 2004 wherein we noted that the Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated March 25, 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.

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.



Betty Montgomery
Auditor of State

March 25, 2004



**Auditor of State
Betty Montgomery**

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BLISS MEMORIAL 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
APRIL 27, 2004**