



Mary Taylor, CPA
Auditor of State

**BELLE CENTER FREE PUBLIC LIBRARY
LOGAN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Change in Fund Cash Balance – General Fund - For the Year Ended December 31, 2007	5
Statement of Cash Receipts, Cash Disbursements, and Change in Fund Cash Balance – General Fund - For the Year Ended December 31, 2006	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Prior Audit Findings.....	13

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Mary Taylor, CPA
Auditor of State

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

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Auditor of State

July 24, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of Belle Center Free Public Library, Logan County, (the Library), as of and for the years ended December 31, 2007 and 2006. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2007 and 2006, or its changes in financial position.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of Belle Center Free Public Library, Logan County, as of December 31, 2007 and 2006, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2008, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 24, 2008

**BELLE CENTER FREE PUBLIC LIBRARY
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

Cash Receipts:

Library and Local Government Support	\$83,847
Patron, Fines, and Fees	2,987
Earnings on Investments	6,916
Contributions, Gifts and Donations	571
Miscellaneous	519
Total Cash Receipts	<u>94,840</u>

Cash Disbursements:

Current:	
Salaries and Benefits	35,034
Employee/Employer OPERS	8,833
Purchased and Contracted Services	12,435
Library Materials and Information	21,270
Supplies	5,591
Other	1,632
Capital Outlay	1,350
Total Cash Disbursements	<u>86,145</u>

Total Cash Receipts Over Cash Disbursements	8,695
Fund Cash Balance, January 1	<u>201,719</u>
Fund Cash Balance, December 31	<u>210,414</u>
Reserve for Encumbrances, December 31	<u>\$1,118</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
CHANGE IN FUND CASH BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

Cash Receipts:

Library and Local Government Support	\$83,847
Patron, Fines, and Fees	2,598
Earnings on Investments	4,979
Contributions, Gifts and Donations	228
Miscellaneous	117
Total Cash Receipts	<u>91,769</u>

Cash Disbursements:

Current:

Salaries and Benefits	36,012
Employee/Employer OPERS	8,857
Purchased and Contracted Services	16,334
Library Materials and Information	21,651
Supplies	6,308
Other	1,771
Capital Outlay	1,553
Total Cash Disbursements	<u>92,486</u>

Total Cash Receipts Over Cash Disbursements (717)

Fund Cash Balance, January 1 202,436

Fund Cash Balance, December 31 201,719

Reserve for Encumbrances, December 31 \$466

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, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Belle Center Free Public Library, Logan County, (the Library) as a body corporate and politic. Benjamin Logan Local School District appoints a seven-member Board of Trustees to govern the Library. 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. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library values certificates of deposit at cost and common stock 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 fund into the following type:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

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.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**BELLE CENTER FREE PUBLIC LIBRARY
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investment pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2007	2006
Demand deposits	\$65,714	\$57,019
Certificates of deposit	140,000	140,000
Total deposits	205,714	197,019
Common stock (donated value)	4,700	4,700
Total investments	4,700	4,700
Total deposits and investments	\$210,414	\$201,719

A. Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

B. Investments

The Library maintains investments comprised of 200 shares of donated Imperial Oil Ltd. Stock, which has been recorded at the \$4,700 share value at the time of donation. The value of this stock at December 31, 2007 and 2006 was \$10,956 and \$7,366 respectively.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts

	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$100,373	\$94,840	(\$5,533)

2007 Budgeted vs. Actual Budgetary Basis Expenditures

	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$96,300	\$87,263	\$9,037

2006 Budgeted vs. Actual Receipts

	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$90,839	\$91,769	\$930

2006 Budgeted vs. Actual Budgetary Basis Expenditures

	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$97,850	\$92,952	\$4,898

**BELLE CENTER FREE PUBLIC LIBRARY
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

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 State allocates LLGSF 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.

5. Retirement Systems

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the Library contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2007.

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- General liability;
- Property coverage; and
- Public officials' liability.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Trustees:

We have audited the financial statements of the Belle Center Free Public Library, Logan County, (the Library), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated July 24, 2008, wherein we noted the Library followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a matter that we reported to the Library's management in a separate letter dated July 24, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain noncompliance or other matter that we reported to the Library's management in a separate letter dated July 24, 2008.

We intend this report solely for the information and use of Board of Trustees and management. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

July 24, 2008

**BELLE CENTER FREE PUBLIC LIBRARY
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	ORC Section 3375.15 states that the Library should have seven members on the Board of Library Trustees. The Library only had five.	Yes	



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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
AUGUST 21, 2008**