



**BELLE CENTER FREE PUBLIC LIBRARY
LOGAN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31 2005 AND 2004



**Auditor of State
Betty Montgomery**

**BELLE CENTER FREE PUBLIC LIBRARY
LOGAN COUNTY**

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**Auditor of State
Betty Montgomery**

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 a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Library 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 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

May 22, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Belle Center Free Public Library, Logan County, (the "Library"), as of and for the years ended December 31, 2005 and 2004. 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.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require Library's to reformat their statements. The Library has elected not to reformat its statements. Since this Library does not use GAAP to measure financial statement amounts, 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, 2005 and 2004 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, 2005 and 2004, or its changes in financial position for the years then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balance of the Library, as of December 31, 2005 and 2004, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. 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 May 22, 2006, 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.



Betty Montgomery
Auditor of State

May 22, 2006

**BELLE CENTER FREE PUBLIC LIBRARY
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

Cash Receipts:

Library Aid	\$83,847
Patro, Fines, and Fees	2,164
Earnings on Investments	3,564
Contributions, Gifts and Donations	293
Miscellaneous Receipts	485
	<hr/>
Total Cash Receipts	90,353

Cash Disbursements:

Current:	
Salaries and Benefits	34,570
Employee/Employer OPERS	8,067
Purchased and Contracted Services	13,260
Library Materials and Information	22,435
Supplies	5,811
Other	1,466
Capital Outlay	3,388
	<hr/>
Total Cash Disbursements	88,997

Total Cash Receipts Over Cash Disbursements	1,356
Fund Cash Balance, January 1	<hr/> 201,080
Fund Cash Balance, December 31	<hr/> \$202,436 <hr/>

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
CHANGES IN FUND CASH BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

Cash Receipts:

Library Aid	\$83,388
Patro, Fines, and Fees	1,917
Earnings on Investments	1,497
Contributions, Gifts and Donations	918
Miscellaneous Receipts	<u>756</u>
 Total Cash Receipts	 <u>88,476</u>

Cash Disbursements:

Current:	
Salaries and Benefits	31,345
Employee/Employer OPERS	7,628
Purchased and Contracted Services	13,816
Library Materials and Information	20,818
Supplies	5,199
Other	1,534
Capital Outlay	<u>2,526</u>
 Total Cash Disbursements	 <u>82,866</u>

Total Cash Receipts Over Cash Disbursements	5,610
 Fund Cash Balance, January 1 (Restated - See Note 2)	 <u>195,470</u>
 Fund Cash Balance, December 31	 <u><u>\$201,080</u></u>

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, 2005 AND 2004**

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 appointed a five-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. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements 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. 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 the Auditor of State prescribes or permits.

C. Cash and Investments

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

The Library values certificates of deposit, and common stock at cost or 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 type:

General Fund

The General Fund accounts for 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. 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 2005 and 2004 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, 2005 AND 2004
(Continued)**

2. RESTATEMENT OF FUND BALANCE

On May 3, 2004, the Library Board approved the elimination of the Library Building Capital Projects Fund and the \$16,808 balance that existed at December 31, 2003. This Fund had been established to account for investment proceeds to be used for construction projects. Since the construction projects intended to be financed through this fund had been completed, the remaining balance was rolled into the General Fund. The Library continues to make capital improvements from the General Fund. This Fund elimination had the following impact on the financials statements at December 31, 2003:

Fund	General	Capital Projects
December 31, 2003	\$178,662	\$16,808
Restatement	16,808	(16,808)
January 1, 2004	\$195,470	\$ 0

There was not an impact on the excess of revenues over disbursements since the Capital Projects Fund did not have any disbursements during 2003 and 2002.

3. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2005	2004
Demand deposits	\$57,736	\$56,380
Certificates of deposit	140,000	140,000
Total deposits	197,736	196,380
 Imperial Oil Ltd. Common Stock (donated value)	 4,700	 4,700
Total investments	4,700	4,700
 Total deposits and investments	 \$202,436	 \$201,080

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

Investments: The Library maintains investments comprised of 200 shares of donated Imperial Oil Ltd. Stock which has been recorded at the \$4700 share value at the time of donation. The value of this stock at December 31, 2005 and 2004 was \$19,920 and \$11,876, respectively.

**BELLE CENTER FREE PUBLIC LIBRARY
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$88,923	\$90,353	\$1,430

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$97,250	\$88,997	\$8,253

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$85,690	\$88,476	\$2,786

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$89,000	\$82,866	\$6,134

5. 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 of any additional revenues the Library receives.

6. RETIREMENT SYSTEM

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. The Ohio Revised Code prescribes retirement benefits for vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees as the Ohio Revised Code prescribes.

The Ohio Revised Code also prescribes contribution rates. 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, 2005.

**BELLE CENTER FREE PUBLIC LIBRARY
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

7. RISK MANAGEMENT

The Belle Center Free Public Library has obtained commercial insurance for the following risks:

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



Auditor of State Betty Montgomery

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, OH 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, 2005 and 2004, and have issued our report thereon dated May 22, 2006, wherein we noted the Library follows the 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings at item 2005-001.

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Belle Center Free Public Library
Logan County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. It is not intended for 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 22, 2006

**BELLE CENTER FREE PUBLIC LIBRARY
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2005-001

Noncompliance

Ohio Rev. Code Section 3375.15 states that in any school district in which a free public library has been established, such library shall be under the control and management of a board of library trustees consisting of seven members. The board of education shall make appointments to the board of library trustees not later than forty-five days after the date a member's term expires or after the date a vacancy occurs, whichever is applicable. If the board of education does not make an appointment by that time, the appointment shall be made within the next fourteen days by the probate court of the county in which the library is situated.

The Benjamin Logan Local School District approved reducing the Library's Board from seven to five members. However, there was not evidence to indicate this reduction in Board Members was approved by the Probate Court of Logan County. In addition, there was not evidence that the Benjamin Logan Local School District or the Library had requested legal advice prior to reducing the number of Board Members.

The Library should consult with the Benjamin Logan Local School District, the Logan County Probate Court, and legal representation on the appropriate manner in which to correct the shortage of Board Members.

OFFICIALS' RESPONSE

We did not receive a response from Officials to the finding reported above.

**BELLE CENTER FREE PUBLIC LIBRARY
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 and 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	ORC Sec. 3317.15 – The Library only had five board members instead of the required number of seven.	No	Repeated as finding 2005-001



**Auditor of State
Betty Montgomery**

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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
JULY 06, 2006**