



**Auditor of State  
Betty Montgomery**



HARBOR-TOPKY MEMORIAL LIBRARY  
ASHTABULA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Similar Fiduciary Fund Types - For the Year Ended December 31, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Similar Fiduciary Fund Types - For the Year Ended December 31, 2002.....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11

**This page intentionally left blank.**



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Harbor-Topky Memorial Library  
Ashtabula County  
1633 Walnut Blvd.  
Ashtabula, Ohio 44004

To the Board of Trustees:

We have audited the accompanying financial statements of Harbor-Topky Memorial Library, Ashtabula 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 audit the Library because the Auditor of State designed, developed, implemented, and as requested, 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 described 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 reserve for encumbrances of Harbor-Topky Memorial Library, Ashtabula 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 21, 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.

Harbor-Topky Memorial Library  
Ashtabula County  
Independent Accountants' Report  
Page 2

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

April 21, 2004

HARBOR-TOPKY MEMORIAL LIBRARY  
ASHTABULA COUNTY

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property and Other Local Taxes	\$101,187					\$101,187
Other Government Grants-In-Aid	407,819					407,819
Intergovernmental Revenues	14,976			15,000		29,976
Patron Fines and Fees	21,835					21,835
Earnings on Investments	1,636	397	544	970	1,761	5,308
Services Provided to Other Entities	15,000					15,000
Contributions, Gifts and Donations					4,474	4,474
<b>Total Cash Receipts</b>	<b>562,453</b>	<b>397</b>	<b>544</b>	<b>15,970</b>	<b>6,235</b>	<b>585,599</b>
<b>Cash Disbursements:</b>						
Current:						
Salaries and Benefits	271,369					271,369
Purchased and Contracted Services	74,406					74,406
Library Materials and Information	60,065				60	60,125
Supplies	14,440				1,884	16,324
Other Objects	3,462				300	3,762
Debt Service:						
Redemption of Principal			52,797			52,797
Interest Payments and Fees			59,550			59,550
Capital Outlay		957		34,781		35,738
<b>Total Cash Disbursements</b>	<b>423,742</b>	<b>957</b>	<b>112,347</b>	<b>34,781</b>	<b>2,244</b>	<b>574,071</b>
Total Cash Receipts Over/(Under) Cash Disbursements	138,711	(560)	(111,803)	(18,811)	3,991	11,528
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In			112,560			112,560
Transfers-Out	(112,560)					(112,560)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(112,560)</b>		<b>112,560</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	26,151	(560)	757	(18,811)	3,991	11,528
Fund Cash Balances, January 1	77,709	22,617	25,876	60,529	53,168	239,899
<b>Fund Cash Balances, December 31</b>	<b>\$103,860</b>	<b>\$22,057</b>	<b>\$26,633</b>	<b>\$41,718</b>	<b>\$57,159</b>	<b>\$251,427</b>
Reserves for Encumbrances, December 31	\$12,767					\$12,767

The notes to the financial statements are an integral part of this statement.

**HARBOR-TOPKY MEMORIAL LIBRARY  
ASHTABULA COUNTY**

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property and Other Local Taxes	\$102,577					\$102,577
Other Government Grants-In-Aid	411,419					411,419
Intergovernmental Revenues	14,923	2,447				17,370
Patron Fines and Fees	19,641					19,641
Earnings on Investments	1,548	263	542	795	513	3,661
Services Provided to Other Entities	15,000					15,000
Contributions, Gifts and Donations		100			1,313	1,413
Miscellaneous Receipts	332					332
<b>Total Cash Receipts</b>	<b>565,440</b>	<b>2,810</b>	<b>542</b>	<b>795</b>	<b>1,826</b>	<b>571,413</b>
<b>Cash Disbursements:</b>						
Current:						
Salaries and Benefits	267,376					267,376
Purchased and Contracted Services	79,507					79,507
Library Materials and Information	75,505				1,039	76,544
Supplies	11,707				1,557	13,264
Other Objects	4,594				300	4,894
Debt Service:						
Redemption of Principal			56,601			56,601
Interest Payments and Fees			73,332			73,332
Capital Outlay		7,017		16,176	537	23,730
<b>Total Cash Disbursements</b>	<b>438,689</b>	<b>7,017</b>	<b>129,933</b>	<b>16,176</b>	<b>3,433</b>	<b>595,248</b>
Total Cash Receipts Over/(Under) Cash Disbursements	126,751	(4,207)	(129,391)	(15,381)	(1,607)	(23,835)
<b>Other Financing Receipts/(Disbursements):</b>						
Sale of Fixed Assets	265					265
Transfers-In		10,000	132,560			142,560
Transfers-Out	(142,560)					(142,560)
Other Financing Uses	(5,628)					(5,628)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(147,923)</b>	<b>10,000</b>	<b>132,560</b>			<b>(5,363)</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(21,172)	5,793	3,169	(15,381)	(1,607)	(29,198)
Fund Cash Balances, January 1	98,881	16,824	22,707	75,910	54,775	269,097
<b>Fund Cash Balances, December 31</b>	<b>\$77,709</b>	<b>\$22,617</b>	<b>\$25,876</b>	<b>\$60,529</b>	<b>\$53,168</b>	<b>\$239,899</b>
Reserves for Encumbrances, December 31	\$7,478				\$383	\$7,861

The notes to the financial statements are an integral part of this statement.



**HARBOR-TOPKY MEMORIAL LIBRARY  
ASHTABULA COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Harbor-Topky Memorial Library, Ashtabula 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 each other. 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are included in fund cash balances. 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 deposits are valued at cost.

**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:

**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**

These funds are 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 Library had the following significant Special Revenue Fund:

*Technology Grant Fund* – For the upgrading of computer technology at the Library.

**HARBOR-TOPKY MEMORIAL LIBRARY  
ASHTABULA COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**3. Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness: The Library issued notes in the amount of \$1,275,000 for the purpose of renovating the Library in 1998.

**4. Capital Projects Fund**

These funds are 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 projects fund:

*Building & Repair Fund* – To finance renovations to the Library.

**5. Fiduciary Funds (Trust Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Library had the following significant fiduciary funds:

*Topky Trust Fund* – To be used as needed for materials, supplies, books, etc. at the Library.

**E. Budgetary Process**

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures 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 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:

**HARBOR-TOPKY MEMORIAL LIBRARY  
ASHTABULA COUNTY**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

	2002	2003
Demand deposits	\$204,899	\$201,427
Certificates of deposit	35,000	50,000
Total deposits	\$239,899	\$251,427

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

**3. BUDGETARY ACTIVITY**

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

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$587,567	\$594,355	(\$6,788)
Special Revenue	15,000	7,017	7,983
Debt Service	132,560	129,933	2,627
Capital Projects	50,000	16,176	33,824
Fiduciary	5,300	3,816	1,484
Total	\$790,427	\$751,297	\$39,130

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$647,615	\$549,069	\$98,546
Special Revenue	10,000	957	9,043
Debt Service	112,560	112,347	213
Capital Projects	35,000	34,781	219
Fiduciary	6,300	2,244	4,056
Total	\$811,475	\$699,398	\$112,077

**HARBOR-TOPKY MEMORIAL LIBRARY  
ASHTABULA COUNTY**

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

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 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. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	\$1,086,692	5.75%

Notes were issued from Andover Bank for the purpose of renovating and enlarging the library building in 1998 with an interest rate of 6.25%. In 2002, the Library refinanced the notes for \$1,139,487.94 with an interest rate of 5.75%. The payoff of the old note and the proceeds of the new note are not reflected on the accompanying financial statements.

**HARBOR-TOPKY MEMORIAL LIBRARY  
ASHTABULA COUNTY**

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

**5. DEBT - (Continued)**

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

	General Obligation Notes
Year ending December 31:	
2004	\$ 92,623
2005	92,623
2006	92,623
2007	92,623
2008	92,623
2009	92,623
2010-2014	463,115
2015-2019	463,115
2020-2023	356,621
Total	\$ 1,838,589

**6. RETIREMENT SYSTEM**

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

Contribution rates are prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 2003.

**7. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

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

The Library also provides health insurance and dental and vision coverage to full-time employees through the Nola Regional Library System.

**This page intentionally left blank.**



## Auditor of State Betty Montgomery

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

Harbor-Topky Memorial Library  
Ashtabula County  
1633 Walnut Blvd.  
Ashtabula, Ohio 44004

To the Board of Trustees:

We have audited the accompanying financial statements of the Harbor-Topky Memorial Library (the Library), Ashtabula County as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 21, 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*.

#### 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.

Harbor-Topky Memorial Library  
Ashtabula County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of the audit committee, management, and the Board 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 21, 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

**HARBOR-TOPKY MEMORIAL LIBRARY**

**ASHTABULA 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 3, 2004**