



**Auditor of State  
Betty Montgomery**



**HURON PUBLIC LIBRARY  
ERIE COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Huron Public Library  
Erie County  
333 Williams Street  
Huron, Ohio 44839-1650

To the Board of Trustees:

We have audited the accompanying financial statements of the Huron Public Library, Erie 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 audits.

We conducted our audits 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 audits 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 audits provide 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 reserve for encumbrances of the Library 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 12, 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 audits.

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

March 12, 2004

**HURON PUBLIC LIBRARY  
ERIE 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>	
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 235,969		\$ 235,969
Other Government Grants-In-Aid	390,690		390,690
Patron Fines and Fees	33,452		33,452
Earnings on Investments	6,328	\$ 1,280	7,608
Contributions, Gifts and Donations	5,224		5,224
Miscellaneous Receipts	3,118		3,118
	<u>674,781</u>	<u>1,280</u>	<u>676,061</u>
<b>Cash Disbursements</b>			
Current:			
Salaries and Benefits	469,565		469,565
Purchased and Contracted Services	166,172		166,172
Library Materials and Information	106,816		106,816
Supplies	18,021		18,021
Other	3,685		3,685
Capital Outlay	3,212	189,360	192,572
	<u>767,471</u>	<u>189,360</u>	<u>956,831</u>
Total Cash Disbursements Over Cash Receipts	(92,690)	(188,080)	(280,770)
Fund Cash Balances, January 1	<u>328,558</u>	<u>545,036</u>	<u>873,594</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 235,868</u></b>	<b><u>\$ 356,956</u></b>	<b><u>\$ 592,824</u></b>
Reserves for Encumbrances, December 31	<u>\$ 7,522</u>	<u>\$ 1,000</u>	<u>\$ 8,522</u>

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

**HURON PUBLIC LIBRARY  
ERIE 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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 228,023			\$ 228,023
Other Government Grants-In-Aid	395,036			395,036
Intergovernmental		\$ 14,880		14,880
Patron Fines and Fees	18,175			18,175
Earnings on Investments	13,783			13,783
Contributions, Gifts and Donations	3,209		\$ 2,000	5,209
Miscellaneous Receipts	1,223		21,901	23,124
	<u>659,449</u>	<u>14,880</u>	<u>23,901</u>	<u>698,230</u>
<b>Cash Disbursements</b>				
Current:				
Salaries and Benefits	393,350			393,350
Purchased and Contracted Services	131,538			131,538
Library Materials and Information	94,310			94,310
Supplies	17,327			17,327
Other	5,073			5,073
Capital Outlay	19,812	14,880	1,806,827	1,841,519
	<u>661,410</u>	<u>14,880</u>	<u>1,806,827</u>	<u>2,483,117</u>
Total Cash Disbursements	<u>661,410</u>	<u>14,880</u>	<u>1,806,827</u>	<u>2,483,117</u>
Total Cash Disbursements Over Cash Receipts	(1,961)		(1,782,926)	(1,784,887)
Fund Cash Balances, January 1	330,519		2,327,962	2,658,481
	<u>330,519</u>	<u></u>	<u>2,327,962</u>	<u>2,658,481</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 328,558</u></b>	<b><u></u></b>	<b><u>\$ 545,036</u></b>	<b><u>\$ 873,594</u></b>
Reserves for Encumbrances, December 31	\$ 16,091		\$ 19,311	\$ 35,402
	<u>\$ 16,091</u>	<u></u>	<u>\$ 19,311</u>	<u>\$ 35,402</u>

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



**HURON PUBLIC LIBRARY  
ERIE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Huron Public Library, Erie 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 Huron 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 and Investments**

Investments are reported as assets. 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.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**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:

**HURON PUBLIC LIBRARY  
ERIE COUNTY**

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

**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**

The Special Revenue Fund was established with revenue from a State of Ohio technology assistance grant. The grant provided funds for the purchase of ten laptops with wireless cards to use in the computer lab. All funds were used in 2002 and the fund was closed.

**3. Capital Projects**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following significant capital project funds:

*Library Expansion Fund* – This fund contains revenue from the sale of bonds on which interest is received for the construction of an addition to the current Library building,

**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 function 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.

**HURON PUBLIC LIBRARY  
ERIE COUNTY**

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

**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:

	2003	2002
Demand deposits	\$ 82,081	\$ 28,899
STAR Ohio	510,743	844,695
Total deposits and investments	\$ 592,824	\$ 873,594

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**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	\$ 967,191	\$ 774,993	\$ 192,198
Capital Projects	545,036	190,360	354,676
Total	\$ 1,512,227	\$ 965,353	\$ 546,874

**HURON PUBLIC LIBRARY  
ERIE COUNTY**

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

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 961,852	\$ 677,501	\$ 284,351
Special Revenue	14,880	14,880	
Capital Projects	2,377,961	1,826,138	551,823
Total	\$ 3,354,693	\$ 2,518,519	\$ 836,174

**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 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.

**HURON PUBLIC LIBRARY  
ERIE COUNTY**

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

**5. DEBT**

In 1999, the Board of Trustees of the Library submitted to the Huron City School District Board of Education a property tax levy to be used for an addition to the Library. The Board of Education serves as the taxing authority and issues tax related debt on behalf of the Library, although their role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Library Trustees. With approval of the levy, the Board of Education issued District general obligation bonds, in the amount of \$4,300,000 in 1999 for the Library addition. The bonds will be paid by the Board of Education from proceeds of the property tax levy.

**6. 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.

**7. RISK MANAGEMENT**

**Commercial Insurance**

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

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

The Library also provides health and dental benefits to all employees that work more than 25 hours per week.

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**Auditor of State  
Betty Montgomery**

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

Huron Public Library  
Erie County  
333 Williams Street  
Huron, Ohio 44839-1650

To the Board of Trustees:

We have audited the accompanying financial statements of the Huron Public Library, Erie County, (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated March 12, 2004. We conducted our audits 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 audits 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 audits, 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 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 March 12, 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.



**Betty Montgomery**  
Auditor of State

March 12, 2004





**Auditor of State  
Betty Montgomery**

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**HURON PUBLIC LIBRARY**

**ERIE 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 13, 2004**