



**Auditor of State  
Betty Montgomery**



ALGER PUBLIC LIBRARY  
HARDIN COUNTY

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Alger Public Library  
Hardin County  
P.O. Box 18  
100 West Wagner Street  
Alger, Ohio 45812

To the Board of Trustees:

We have audited the accompanying financial statements of the Alger Public Library (the "Library") as of and for the years ended December 31, 2003 and December 31, 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, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 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 fund cash balances of the Library as of December 31, 2003 and December 31, 2002, and its 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 July 30, 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, the Board of Trustees, and other officials authorized to receive this report under Section 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

July 30, 2004

**ALGER PUBLIC LIBRARY  
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

**Cash Receipts:**

Other Government Grants-In-Aid	\$50,804
Intergovernmental	500
Patron Fines and Fees	1,737
Contributions, Gifts and Donations	590
Earnings on Investments	903
Miscellaneous Receipts	400
	400
 Total Cash Receipts	 54,934

**Cash Disbursements:**

Current:	
Salaries and Benefits	25,621
Employee Fringe Benefits	3,903
Supplies	2,418
Purchased and Contracted Services	12,052
Library Materials	7,373
Other	350
Capital Outlay	7,570
	7,570
 Total Cash Disbursements	 59,287

Total Cash Receipts (Under) Cash Disbursements	(4,353)
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**Other Financing Receipts/(Disbursements):**

Sales of Fixed Assets	535
Other Financing Uses	(381)
	(381)
 Total Other Financing Receipts/(Disbursements)	 154

Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(4,199)
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Fund Cash Balance, January 1	49,941
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<b>Fund Cash Balance, December 31</b>	<b>\$45,742</b>
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*The notes to the financial statements are an integral part of this statement.*

ALGER PUBLIC LIBRARY  
HARDIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003

<b>Operating Cash Receipts:</b>	
Earning on Investments	\$96
<b>Operating Cash Disbursements:</b>	
Library Materials	<u>160</u>
Total Cash Receipts (Under) Cash Disbursements	(64)
Fund Cash Balance, January 1	<u>10,092</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$10,028</u></u>

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

**ALGER PUBLIC LIBRARY  
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002**

**Cash Receipts:**

Other Government Grants-In-Aid	\$51,338
Patron Fines and Fees	1,710
Contributions, Gifts and Donations	15
Earnings on Investments	1,159
Miscellaneous Receipts	697
	<hr/>
Total Cash Receipts	54,919

**Cash Disbursements:**

Current:	
Salaries	24,161
Employee Fringe Benefits	4,472
Supplies	3,115
Purchased and Contracted Services	17,401
Library Materials	10,027
Other	1,093
Capital Outlay	640
	<hr/>
Total Cash Disbursements	60,909

Total Cash Receipts (Under) Cash Disbursements (5,990)

**Other Financing Receipts/(Disbursements):**

Sales of Fixed Assets	297
Other Financing Uses	(432)
	<hr/>
Total Other Financing Receipts/(Disbursements)	(135)

Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements (6,125)

Fund Cash Balance, January 1 56,066

**Fund Cash Balance, December 31** \$49,941

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

ALGER PUBLIC LIBRARY  
HARDIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002

<b>Operating Cash Receipts:</b>	
Earning on Investments	\$140
<b>Operating Cash Disbursements:</b>	
Library Materials	<u>20</u>
Total Cash Receipts Over Cash Disbursements	120
Fund Cash Balance, January 1	<u>9,972</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$10,092</u></u>

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

**ALGER PUBLIC LIBRARY  
HARDIN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Alger Public Library, Hardin 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 Upper Scioto Valley School District 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.

Certificates of deposit are valued at cost. The investment in STAR Ohio is recorded at share value 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:

**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. 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.

**ALGER PUBLIC LIBRARY  
HARDIN COUNTY**

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

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

The Library had the following nonexpendable trust fund:

**T. Reed Dunlap Nonexpendable Trust Fund** – received funds from the last will and testament of Mabel Dunlap as a permanent endowment. Interest income earned on the principal is to be used for the purchase of books of lasting merit which should pertain to the subjects of art, history, science and literature which should be chosen especially for the reading enjoyment of children and teenage boys and girls.

**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 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.

**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:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$6,152	\$3,839
Certificates of deposit	26,945	26,281
Total deposits	<u>33,097</u>	<u>30,120</u>
STAR Ohio	22,673	29,913
Total deposits and investments	<u><u>\$55,770</u></u>	<u><u>\$60,033</u></u>

**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.

**ALGER PUBLIC LIBRARY  
HARDIN COUNTY**

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

**3. BUDGETARY ACTIVITY**

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

<b>2003 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$62,651	\$59,668	\$2,983
Nonexpendable Trust	160	160	0
Total	<u>\$62,811</u>	<u>\$59,828</u>	<u>\$2,983</u>

<b>2002 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$89,879	\$61,341	\$28,538
Nonexpendable Trust	650	20	630
Total	<u>\$90,529</u>	<u>\$61,361</u>	<u>\$29,168</u>

**4. GRANTS-IN-AID**

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.

**5. 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 for 2003 and 2002. The Library has paid all contributions required through December 31, 2003.

**ALGER PUBLIC LIBRARY  
HARDIN COUNTY**

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

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Alger 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*

Alger Public Library  
Hardin County  
P.O. Box 18  
100 West Wagner Street  
Alger, OH 45812

To the Board of Trustees:

We have audited the financial statements of the Alger Public Library (the "Library") as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated July 30, 2004, wherein we noted that the Library's financial transactions were processed using the Auditor of States' Uniform Accounting Network (UAN). *Government Auditing Standards* considers this type of 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. However, we noted other 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 July 30, 2004.

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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.

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

**Betty Montgomery**  
Auditor of State

July 30, 2004



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

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800-282-0370

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**ALGER PUBLIC LIBRARY**

**HARDIN 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  
SEPTEMBER 21, 2004**