



**Auditor of State
Betty Montgomery**

HARDIN NORTHERN PUBLIC LIBRARY
HARDIN COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Hardin Northern Public Library
Hardin County
153 N. Main St.
P.O. Box 114
Dunkirk, Ohio 45836

To the Board of Trustees:

We have audited the accompanying financial statements of the Hardin Northern Public Library, Hardin 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. We believe that our audit provides 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 fund cash balances and reserves for encumbrances of the Library as of December 31, 2003 and 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 May 25, 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, 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

May 25, 2004

**HARDIN NORTHERN 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:

Library and Local Government Support	\$79,524
Patron Fines and Fees	1,952
Earnings on Investments	284
Contributions, Gifts and Donations	1,344
Miscellaneous	<u>514</u>
 Total Cash Receipts	 <u>83,618</u>

Cash Disbursements:

Current:	
Salaries	29,927
Employee Fringe Benefits	5,902
Purchased and Contracted Services	18,366
Library Materials and Information	13,067
Supplies	2,280
Other Objects	1,091
Capital Outlay	<u>2,301</u>
 Total Cash Disbursements	 <u>72,934</u>

Total Cash Receipts Over Cash Disbursements 10,684

Fund Cash Balance, January 1 23,402

Fund Cash Balance, December 31 \$34,086

Reserves for Encumbrances, December 31 \$500

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

**HARDIN NORTHERN PUBLIC LIBRARY
HARDIN COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Library and Local Government Support	\$80,365		\$80,365
Patron Fines and Fees	2,386		2,386
Earnings on Investments	463		463
Contributions, Gifts and Donations	500		500
Miscellaneous Receipts	450		450
	<hr/>		<hr/>
Total Cash Receipts	84,164		84,164
	<hr/>		<hr/>
Cash Disbursements:			
Current:			
Salaries	29,522		29,522
Employee Fringe Benefits	5,925		5,925
Purchased and Contracted Services	32,184		32,184
Library Materials and Information	8,908		8,908
Supplies	1,089		1,089
Other Objects	1,433		1,433
Capital Outlay	7,970		7,970
	<hr/>		<hr/>
Total Cash Disbursements	87,031		87,031
	<hr/>		<hr/>
Total Cash Receipts (Under) Cash Disbursements	(2,867)		(2,867)
	<hr/>		<hr/>
Other Financing Receipts/(Disbursements):			
Transfers-In	1,607		1,607
Transfers-Out		(1,607)	(1,607)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	1,607	(1,607)	
	<hr/>	<hr/>	<hr/>
Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(1,260)	(1,607)	(2,867)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	24,662	1,607	26,269
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$23,402	\$0	\$23,402
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$3,000	\$0	\$3,000
	<hr/>	<hr/>	<hr/>

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

**HARDIN NORTHERN 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

Hardin Northern 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 the Hardin Northern Local School District Board of Education for a term of seven years. 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

The Library maintained all money in checking and savings accounts.

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. Capital Project 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's building fund is used to record donations and interest revenue for the purchase or construction of Library facilities.

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 of control.

**HARDIN NORTHERN PUBLIC LIBRARY
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

	2003	2002
Demand deposits	\$13,836	\$2,530
Savings account	20,250	20,872
Total deposits and savings accounts	\$34,086	\$23,402

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

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	\$110,769	\$73,434	\$37,335

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$113,918	\$90,031	\$23,887
Capital Projects	1,607	1,607	0
Total	\$115,525	\$91,638	\$23,887

**HARDIN NORTHERN PUBLIC LIBRARY
HARDIN COUNTY**

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

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.

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability

7. TRANSFER

On July 1, 2002, the Library's Board approved the elimination of the Capital Projects Special Projects Fund and the transfer of the remaining fund balance to the General Fund. This money was to be expended from the General Fund for furniture.

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**Auditor of State
Betty Montgomery**

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

Hardin Northern Public Library
Hardin County
153 N. Main St.
P.O. Box 114
Dunkirk, Ohio 45836

To the Board of Trustees:

We have audited the financial statements of the Hardin Northern Public Library, Hardin County, (the "Library"), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 25, 2004. 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.

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

May 25, 2004



**Auditor of State
Betty Montgomery**

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800-282-0370
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HARDIN NORTHERN 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
JULY 6, 2004**