



Mary Taylor, CPA
Auditor of State

MARY LOU JOHNSON - HARDIN COUNTY DISTRICT LIBRARY
HARDIN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types and Similar Fiduciary Funds - For the Year Ended December 31, 2004	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Nonexpendable Trust Fund - For the Year Ended December 31, 2004	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

Mary Lou Johnson - Hardin County District Library
Hardin County
325 E. Columbus Street
Kenton, Ohio 43326

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 "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 7, 2007

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Mary Lou Johnson – Hardin County District Library
Hardin County
325 E. Columbus Street
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the accompanying financial statements of the Mary Lou Johnson-Hardin County District Library, Hardin County, (the "Library"), as of and for the year ended December 31, 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. The Library processes its financial transactions with 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 Government 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 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 year ended December 31, 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 year ended December 31, 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, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Library, as of December 31, 2004, and its cash receipts and disbursements for the year 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 year ended December 31, 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 February 7, 2007 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.



Mary Taylor, CPA
Auditor of State

February 7, 2007

**MARY LOU JOHNSON - HARDIN COUNTY DISTRICT LIBRARY
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Library and Local Government Support	\$553,918			\$553,918
Patron Fines and Fees	18,153			18,153
Earnings on Investments	4,701	4,733	73,413	82,847
Contributions, Gifts and Donations	5,012		1,811	6,823
Miscellaneous Receipts	31,122			31,122
Total Cash Receipts	<u>612,906</u>	<u>4,733</u>	<u>75,224</u>	<u>692,863</u>
Cash Disbursements:				
Current:				
Salaries	310,892			310,892
Employee Fringe Benefits	91,936			91,936
Purchased and Contracted Services	90,636			90,636
Library Materials and Information	120,146			120,146
Supplies	26,756			26,756
Other Objects	4,824			4,824
Capital Outlay	1,585			1,585
Total Cash Disbursements	<u>646,775</u>			<u>646,775</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(33,869)	4,733	75,224	46,088
Fund Cash Balances, January 1, (Restated - See Note 3)	<u>81,966</u>	<u>187,057</u>	<u>1,695,983</u>	<u>1,965,006</u>
Fund Cash Balances, December 31	<u><u>\$48,097</u></u>	<u><u>\$191,790</u></u>	<u><u>\$1,771,207</u></u>	<u><u>\$2,011,094</u></u>
Reserves for Encumbrances, December 31	<u><u>\$5,015</u></u>			<u><u>\$5,015</u></u>

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

MARY LOU JOHNSON - HARDIN COUNTY DISTRICT LIBRARY
HARDIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Non Expendable Trust</u>
Cash Receipts	\$0
Cash Disbursements	<u>0</u>
Cash Receipts Over Cash Disbursements	0
Fund Cash Balance, January 1, Restated (See Note 3)	<u>43,516</u>
Fund Cash Balance, December 31	<u><u>\$43,516</u></u>

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

**MARY LOU JOHNSON - HARDIN COUNTY DISTRICT LIBRARY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 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 Mary Lou Johnson – Hardin County District Library, Hardin County, (the Library), as a body corporate and politic. The Library is directed by a seven-member Board of Trustees of which four are appointed by the County Commissioners and three are appointed by the Hardin County Common Pleas Judge. 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 prescribed or permitted by the Auditor of State.

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.

Certificates of deposit, savings accounts, and common stock are valued at cost or fair value when donated and included in the cash fund balances. 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.

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.

**MARY LOU JOHNSON - HARDIN COUNTY DISTRICT LIBRARY
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Capital Project Funds

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 has one capital project fund which is accumulating resources for future capital improvements.

3. 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 trust funds:

- The Johnson Trust Fund is comprised of donated securities and their accumulated interest and dividends. The trust interest and dividends received from the donated securities, along with the principal, may be used for library operations.
- The Carl Russell Trust Fund is comprised of a nonexpendable donation. During 2004, interest earned on the fund balance was recorded in the General fund and used for library operations.

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.

A summary of 2004 budgetary activity appears in Note 5.

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. RESTATEMENT NOTE

The Carl Russell estate was settled during February, 1999, and the proceeds are nonexpendable. During 1999, these proceeds in the amount of \$43,516 were recorded in the Book Endowment Fund which was established by the Library as a nonexpendable trust fund. The Library has since changed the Book Endowment Fund from a nonexpendable fund to an expendable fund resulting in a restatement to reclassify the nonexpendable portion from the Carl Russell Estate. See the restated fund balances below:

**MARY LOU JOHNSON - HARDIN COUNTY DISTRICT LIBRARY
HARDIN COUNTY**

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

2. RESTATEMENT NOTE (Continued)

	Expendable Trust Fund Balance	Non-Expendable Trust Fund Balance
As Previously Stated December 31, 2003	\$1,739,499	\$0
Carl Russell Estate Adjusted	(43,516)	43,516
Restated January 1, 2004	\$1,695,983	\$43,516

3. COMPLIANCE

Ohio Rev. Code Sections 135.18 (specific collateral) and 135.181 (pooled collateral) require subdivisions to obtain specific or pooled collateral for deposits in excess of \$100,000. The Library failed to obtain this collateral for deposits at several institutions.

The Library has an investment in a Federal Home Loan Mortgage Corporation which exceeds the maturity period allowed by Ohio Revised Code Sections 135.13 and 135.14(D).

4. 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:

	2004
Demand deposits	\$507,514
Savings accounts	463,397
Certificates of deposit	845,273
Total deposits	1,816,184
Common stock (at cost)	238,426
Total deposits and investments	\$2,054,610

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Library, or (3) collateralized by the financial institution's public entity deposit pool, except as noted in Note 3.

Investments: At December 31, 2004, the Library held equity securities with a cost of \$238,426 and market value of \$2,934,294. These securities are held by an investment firm in the name of Library and have a donated value of \$238,426 which is included in the fund balance of the Library's Mary Lou Johnson Expendable Trust Fund. Such securities are not eligible investments for the Library to purchase under Ohio law.

**MARY LOU JOHNSON - HARDIN COUNTY DISTRICT LIBRARY
HARDIN COUNTY**

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

5. BUDGETARY ACTIVITY

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

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$625,763	\$612,906	(\$12,857)
Capital Projects	3,000	4,733	1,733
Fiduciary	86,500	75,224	(11,276)
Total	\$715,263	\$692,863	(\$22,400)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$682,685	\$651,790	\$30,895
Capital Projects	0	0	0
Fiduciary	0	0	0
Total	\$682,685	\$651,790	\$30,895

6. LIBRARY AND LOCAL GOVERNMENT

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.

7. RETIREMENT SYSTEM

The Ohio Public Employees Retirement System of Ohio (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.

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2004. The Library has paid all contributions required through December 31, 2004.

**MARY LOU JOHNSON - HARDIN COUNTY DISTRICT LIBRARY
HARDIN COUNTY**

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

8. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property;
- General liability;
- Vehicles;
- Inland marine;
- Commercial crime;
- Boiler and machinery;
- Commercial umbrella

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Mary Lou Johnson - Hardin County District Library
Hardin County
325 E. Columbus Street
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the financial statements of the Mary Lou Johnson - Hardin County District Library, Hardin County, (the "Library"), as of and for the year ended December 31, 2004, and have issued our report thereon dated February 7, 2007, 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 also noted that the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit 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 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 opinions on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Library's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2004-004.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Library's management dated February 7, 2007, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-001 through 2004-003. In a separate letter to the Library's management dated February 7, 2007, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 7, 2007

MARY LOU JOHNSON – HARDIN COUNTY DISTRICT LIBRARY
HARDIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2004

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

FINDING NUMBER 2004-001

Noncompliance Citation

Ohio Rev. Code Section 135.13 states that inactive deposits shall be evidenced by time certificates of deposit, each of which shall mature not later than the end of the period of designation. Ohio Rev. Code Section 135.14 (D) states that except as provided in division (E) of this section, any investment made pursuant to this section must mature within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the subdivision.

The Library had the following investment that violated the requirements of these Sections of the Ohio Revised Code:

<u>Investment</u>	<u>Amount</u>	<u>Purchased</u>	<u>Matures</u>
Federal Home Loan Mortgage Corporation	\$30,000	2002	6-28-2024

Purchasing investments with maturity periods longer than the period of designation and/or five years could result in the Library incurring unnecessary losses if the investments had to be sold prior to maturity.

The Library should implement control procedures to help assure that the maturity periods of investments are in compliance with the Ohio Revised Code and meet the liquidity requirements of the Library.

OFFICIAL'S RESPONSE

All of these types of bonds have final maturity dates and call dates. They can be sold at the current market value on any business day, without penalty, and therefore should meet the requirements set by the Ohio Revised Code. The Library was advised at the time of purchase that the purchase of Freddie Mac notes was allowed. Bonds are Triple A rated. The bond purchased in 2002, with a final maturity date of 06-28-2024 has a call date of 02-21-2007.

FINDING NUMBER 2004-002

Noncompliance Citation

Ohio Rev. Code Section 135.18(A) states that the treasurer shall require the institution designated as a public depository to pledge to and deposit with the treasurer, as security for the repayment of all public moneys to be deposited in the public depository during the period of designation pursuant to the award, eligible securities of aggregate market value equal to the excess of the amount of public moneys to be at the time so deposited, over and above the portion or amount of such moneys as is at that time insured by the federal deposit insurance corporation or by any other agency or instrumentality of the federal government. Ohio Rev. Code Section 135.181(B) states that in lieu of the pledging requirements prescribed in sections 135.18 of the Revised Code, an institution designated as a public depository at its option may pledge a single pool of eligible securities to secure the repayment of all public moneys deposited in the institution and not otherwise secured pursuant to law, provided that at all times the total market value of the securities so pledged is at least equal to one hundred five per cent of the total amount of all public deposits to be secured by the pooled securities that are not covered by any federal deposit insurance.

**FINDING NUMBER 2004-002
(Continued)**

The Library failed to obtain evidence of collateral for certificates of deposit held at three banks, which in the aggregate, exceeded federal deposit insurance by \$295,000.

The Library should obtain evidence of collateral for deposits held in each financial institution that are in excess of the federal deposit insurance.

OFFICIAL'S RESPONSE

The security pledges for all financial institutions where money is on deposit has been obtained and a schedule has been created in order to see that these are updated from each on a quarterly basis.

FINDING NUMBER 2004-003

Noncompliance Citation

Ohio Rev. Code Section 1306.11 (A) states that if a law requires that a record be retained, the requirement is satisfied by retaining an electronic record of the information in the record if both of the following are satisfied:

- a) The electronic record accurately and completely reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise.
- b) The electronic record remains accessible for later reference.

The Library obtained photocopies of the canceled checks from the bank. The photocopies did not reflect the back of the check which contains the endorsement.

Failure to obtain copies of the endorsement violates the requirement that the electronic record accurately and completely reflect the information in the record after it was first generated. The Library should require the bank to provide electronic imaging of both the front and the back of the canceled checks.

OFFICIAL'S RESPONSE

We have contacted our bank and they will be sending us copies of both the front and back of each check in our monthly statement. The Library was receiving copies of the fronts of the checks only.

FINDING NUMBER 2004-004

Reportable Condition

Disposal of Library Property

An entity should have controls in place to help assure accountability over property. These controls should include procedures to help assure that the governing body approves the disposal of property and that any proceeds from the disposal of property are recorded on the books of the entity. The Library and the Friends of the Library are two separate and distinct entities. An undetermined number of books and other personal property of the Library were sold at a book sale held by the Friends of Library on July 30 and 31, and August 2, 2004 along with a rummage sale on September 7, 2004.

**FINDING NUMBER 2004-004
(Continued)**

There was no resolution by the Library Board to donate the Library property to the Friends of the Library; however the revenues, in the amount of \$1,573 and \$603, respectively, from these sales were all maintained by the Friends of the Library. Since no record of Library property sold at these sales was maintained, it cannot be determined what portion, if any, of the revenues retained by the Friends of the Library should have been paid to the Library.

Failure to account for Library property could result in a loss of property and/or the loss of revenue from the disposal of property. The Board should approve the disposal of all Library property. This approval should include the method of disposal, selling price, the organization and/or funds to receive the proceeds, along with any other relevant information. To help assure accountability for property, an inventory system should be in place to track purchases and disposals. A periodic physical observation should be performed between property and the inventory system.

OFFICIAL'S RESPONSE

The Friends of the Library has since been disbanded and all funds that they had on deposit were turned over to the Library. It was deposited in the general fund under line item "special items".



Mary Taylor, CPA
Auditor of State

MARY LOU JOHNSON-HARDIN COUNTY DISTRICT 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
MARCH 22, 2007