



**Auditor of State
Betty Montgomery**

HENDERSON MEMORIAL PUBLIC LIBRARY ASSOCIATION
ASHTABULA COUNTY

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Auditor of State Betty Montgomery

REPORT OF INDEPENDENT ACCOUNTANTS

Henderson Memorial Public Library Association
Ashtabula County
54 East Jefferson Street
Jefferson, Ohio 44047

To the Board of Trustees:

We have audited the accompanying financial statements of the Henderson Memorial Public Library Association (the Library), Ashtabula County, 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 § 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 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 reserves for encumbrances of the Library as of December 31, 2003 and December 31, 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 August 31, 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.

Henderson Memorial Public Library Association
Ashtabula County
Report of Independent Accountants
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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

August 31, 2004

**HENDERSON MEMORIAL PUBLIC LIBRARY ASSOCIATION
ASHTABULA 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>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Library and Local Government Support	\$310,022			\$310,022
Intergovernmental	27,382		\$10,000	37,382
Patron Fines and Fees	21,569			21,569
Earnings on Investments	208	\$2,037	208	2,453
Contributions, Gifts and Donations	39,095	40,353		79,448
Miscellaneous Receipts	1,950			1,950
	<u>400,226</u>	<u>42,390</u>	<u>10,208</u>	<u>452,824</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries	204,462			204,462
Employee Fringe Benefits	50,931			50,931
Purchased and Contracted Services	56,220			56,220
Library Materials and Information	56,983	5,000		61,983
Supplies	7,006			7,006
Other	5,142			5,142
Capital Outlay			12,633	12,633
	<u>380,744</u>	<u>5,000</u>	<u>12,633</u>	<u>398,377</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	19,482	37,390	(2,425)	54,447
Fund Cash Balances, January 1	13,658		32,954	46,612
Fund Cash Balances, December 31	<u>\$33,140</u>	<u>\$37,390</u>	<u>\$30,529</u>	<u>\$101,059</u>
Reserves for Encumbrances, December 31	<u><u>\$1,720</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$1,720</u></u>

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

HENDERSON MEMORIAL PUBLIC LIBRARY ASSOCIATION
ASHTABULA COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NON EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Fiduciary Fund Types</u>
	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Earnings on Investments	\$141
Operating Cash Disbursements:	
Current:	
Library Materials and Information	<u>645</u>
Operating Income/(Loss)	(504)
Fund Cash Balances, January 1	<u>23,254</u>
Fund Cash Balances, December 31	<u><u>\$22,750</u></u>

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

**HENDERSON MEMORIAL PUBLIC LIBRARY ASSOCIATION
ASHTABULA 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**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Library and Local Government Support	\$313,283			\$313,283
Intergovernmental	26,111	\$3,192		29,303
Patron Fines and Fees	18,895			18,895
Earnings on Investments	963			963
Contributions, Gifts and Donations	26,443			26,443
Miscellaneous Receipts	4,543			4,543
Total Cash Receipts	<u>390,238</u>	<u>3,192</u>		<u>393,430</u>
Cash Disbursements:				
Current:				
Salaries	201,921			201,921
Employee Fringe Benefits	45,750			45,750
Purchased and Contracted Services	66,119	675		66,794
Library Materials and Information	82,881			82,881
Supplies	6,377			6,377
Other	5,214			5,214
Capital Outlay	4,538	3,582	5,150	13,270
Total Cash Disbursements	<u>412,800</u>	<u>4,257</u>	<u>5,150</u>	<u>422,207</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(22,562)</u>	<u>(1,065)</u>	<u>(5,150)</u>	<u>(28,777)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		1,065		1,065
Advances-In	10,000		10,000	20,000
Transfers-Out	(1,698)			(1,698)
Advances-Out	(10,000)		(10,000)	(20,000)
Total Other Financing Receipts/(Disbursements)	<u>(1,698)</u>	<u>1,065</u>		<u>(633)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(24,260)		(5,150)	(29,410)
Fund Cash Balances, January 1	<u>37,918</u>		<u>38,104</u>	<u>76,022</u>
Fund Cash Balances, December 31	<u>\$13,658</u>	<u>\$0</u>	<u>\$32,954</u>	<u>\$46,612</u>
Reserves for Encumbrances, December 31	<u><u>\$2,083</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$2,083</u></u>

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

**HENDERSON MEMORIAL PUBLIC LIBRARY ASSOCIATION
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NON EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Total Operating Cash Receipts	\$0
Operating Cash Disbursements:	
Current:	
Library Materials and Information	717
Operating Income/(Loss)	(717)
Transfers-In	633
Net Receipts Over/(Under) Disbursements	(84)
Fund Cash Balances, January 1	23,338
Fund Cash Balances, December 31	\$23,254

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

**HENDERSON MEMORIAL PUBLIC LIBRARY ASSOCIATION
ASHTABULA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Henderson Memorial Public Library Association, Ashtabula County, (the Library) is a nonprofit Ohio Corporation originally chartered by the Secretary of State of Ohio on July 6, 1883, as the Citizen's Library Association. According to the articles of incorporation, its goal is to place good literature within the reach of its members and such persons as shall confirm to the rules and regulations of said association..." The Library is directed by a 12-member Board of Trustees. The Board of Trustees are members of the Library Association elected by direct ballot by the Library Association members to staggered four year terms. The Trustees function as an independent board subject to the Ohio Revised Code and operates according to its by-laws, although the Library does not have authority to levy taxes or issue bonds. This must be done through the taxing authority, the Jefferson Township Trustees.

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. 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 Funds

The Special Revenue fund is 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 funds:

LSTA Fund - In 2002, this fund was used to account for monies received from the LSTA Mini Grant.

Vera Loyer Fund - In 2003, this fund was used to account for monies received from the Vera Loyer estate death claim.

**HENDERSON MEMORIAL PUBLIC LIBRARY ASSOCIATION
ASHTABULA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 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 had the following significant capital project fund:

Special Capital Project Fund – This fund receipts are used for improvements to the Library.

4. 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:

The *Nance-Irby* and the *Woodbury Trust funds* – These funds are non-expendable trust funds for which only the interest can be expended for the purpose of books and/or library materials.

D. 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.

E. 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

The Library maintains cash used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$123,809	\$69,866

Deposits: Deposits are either insured by (1) the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**HENDERSON MEMORIAL PUBLIC LIBRARY ASSOCIATION
ASHTABULA COUNTY**

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

3. 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.

4. 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 2002 and 2003. The Library has paid all contributions required through December 31, 2003.

5. RISK MANAGEMENT

Commercial Insurance

The Henderson Memorial Public Library Association has obtained commercial insurance for the following risks:

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

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Auditor of State Betty Montgomery

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

Henderson Memorial Public Library Association
Ashtabula County
54 East Jefferson Street
Jefferson, Ohio 44047

To the Board of Trustees:

We have audited the accompanying financial statements of the Henderson Memorial Public Library Association (the Library), Ashtabula County, as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated August 31, 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.

Henderson Memorial Public Library Association
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 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

August 31, 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

HENDERSON MEMORIAL PUBLIC LIBRARY ASSOCIATION

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
SEPTEMBER 23, 2004**