



**Auditor of State
Betty Montgomery**

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Ada Public School District Library
Hardin County
320 North Main Street
Ada, Ohio 45810

To the Board of Trustees:

We have audited the accompanying financial statements of the Ada Public School District 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 combined fund cash balances and reserves 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 22, 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

March 22, 2004

**ADA PUBLIC SCHOOL 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, 2003**

	Governmental Fund Types			Fiduciary Funds	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Library and Local Government Support	\$295,753				\$295,753
Patron Fines and Fees	3,437	181			3,618
Earnings on Investments	1,783	123	9,541	2,083	13,530
Contributions, Gifts and Donations	764			9,187	9,951
Total Cash Receipts	301,737	304	9,541	11,270	322,852
Cash Disbursements:					
Current:					
Salaries	139,062				139,062
Benefits	41,654				41,654
Purchased and Contracted Services	40,676				40,676
Library Materials and Information	27,514	105		4,442	32,061
Supplies	10,767	234		522	11,523
Other Objects	1,127				1,127
Capital Outlay	1,832		4,365		6,197
Total Cash Disbursements	262,632	339	4,365	4,964	272,300
Total Cash Receipts Over/(Under) Cash Disbursements	39,105	(35)	5,176	6,306	50,552
Other Financing Receipts/(Disbursements):					
Proceeds from Sales of Property	1,291				1,291
Transfers-In			50,000		50,000
Transfers-Out	(50,000)				(50,000)
Other Financing Uses	(51)				(51)
Total Other Financing Receipts/(Disbursements)	(48,760)		50,000		1,240
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(9,655)	(35)	55,176	6,306	51,792
Fund Cash Balances, January 1	109,887	11,128	774,132	179,483	1,074,630
Fund Cash Balances, December 31	\$100,232	\$11,093	\$829,308	\$185,789	\$1,126,422
Reserves for Encumbrances, December 31	\$5,067			\$435	\$5,502

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

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN 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**

Operating Cash Receipts:	
Earnings on Investments	\$1,554
Operating Cash Disbursements	<u>0</u>
Operating Receipts Over Operating Disbursements	1,554
Fund Cash Balances, January 1	<u>116,963</u>
Fund Cash Balances, December 31	<u><u>\$118,517</u></u>

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

**ADA PUBLIC SCHOOL 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, 2002**

	<u>Governmental Fund Types</u>			<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Library and Local Government Support	\$298,870				\$298,870
Patron Fines and Fees	3,003	172			3,175
Earnings on Investments	2,991	215	14,171	3,310	20,687
Contributions, Gifts and Donations	1,067			11,909	12,976
Miscellaneous Receipts	5				5
	<hr/>				<hr/>
Total Cash Receipts	305,936	387	14,171	15,219	335,713
Cash Disbursements:					
Current:					
Salaries	120,205				120,205
Benefits	25,495				25,495
Purchased and Contracted Services	46,739				46,739
Library Materials and Information	36,421	116		5,039	41,576
Supplies	9,987	104		938	11,029
Other Objects	1,107				1,107
Capital Outlay	34,039	1,438	18,604		54,081
	<hr/>				<hr/>
Total Cash Disbursements	273,993	1,658	18,604	5,977	300,232
Total Cash Receipts Over/(Under) Cash Disbursements	31,943	(1,271)	(4,433)	9,242	35,481
Other Financing Receipts/(Disbursements):					
Proceeds from Sales of Property	540				540
Transfers-In			50,000		50,000
Transfers-Out	(50,000)				(50,000)
Other Financing Uses				(121)	(121)
	<hr/>				<hr/>
Total Other Financing Receipts/(Disbursements)	(49,460)		50,000	(121)	419
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(17,517)	(1,271)	45,567	9,121	35,900
Fund Cash Balances, January 1	127,404	12,399	728,565	170,362	1,038,730
Fund Cash Balances, December 31	<u>\$109,887</u>	<u>\$11,128</u>	<u>\$774,132</u>	<u>\$179,483</u>	<u>\$1,074,630</u>
Reserves for Encumbrances, December 31	<u>\$8,431</u>		<u>\$4,503</u>		<u>\$12,934</u>

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

ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY

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

Operating Cash Receipts:	
Earnings on Investments	\$2,536
Operating Cash Disbursements	<u>0</u>
Operating receipts Over Operating Disbursements	2,536
Fund Cash Balances, January 1	<u>114,427</u>
Fund Cash Balances, December 31	<u><u>\$116,963</u></u>

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

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ada Public School District 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 Ada Exempted Village School District 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

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. Common stock is valued at the fair value when donated. The investment in STAR Ohio (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:

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

These funds are 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 Special Revenue Fund:

Historical Preservation Fund – This fund receives donations and copy receipts for maintaining a historical section in the Library.

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 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 had the following significant capital project fund:

Permanent Improvement Fund – Received proceeds transferred from the General Fund. The proceeds were used for major building improvements.

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:

Expendable Trust Funds

A. S. Stambaugh Trust Fund – Receives donations for the purchase of books, reference materials and supplies.

A. S. Stambaugh Youth Fund – Receives donations for purchases to benefit the youth.

Memorial Donation Fund – Receives donations for the purchase of books.

A. S. Stambaugh Grave Fund – Money received is used to maintain the grave site of the donor.

Nonexpendable Trust Funds

Lacey Memorial Trust Fund – Receives donations for the purchase of books.

Henning Memorial Trust Fund – Receives donations for the maintenance of the Library.

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 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.

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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	\$771,521	\$600,089
Certificates of deposit	200,882	242,332
Total deposits	972,403	842,421
STAR Ohio	271,096	347,732
Common stock - CMS Energy Corporation	1,440	1,440
Total investments	272,536	349,172
Total deposits and investments	\$1,244,939	\$1,191,593

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

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	\$412,841	\$317,750	\$95,091
Special Revenue	5,398	339	5,059
Capital Projects	886,257	4,365	881,892
Expendable Trust	133,455	5,399	128,056
Nonexpendable Trust	60,589	0	60,589
Total	\$1,498,540	\$327,853	\$1,170,687

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$442,315	\$332,424	\$109,891
Special Revenue	6,929	1,658	5,271
Capital Projects	841,205	23,107	818,098
Expendable Trust	123,629	6,098	117,531
Nonexpendable Trust	58,113	0	58,113
Total	\$1,472,191	\$363,287	\$1,108,904

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 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;
- Vehicles; and
- Errors and omissions
- Public employees dishonesty
- Inland Marine

The Library also provides group health plan coverage to all employees whose normal work week consists of 25 hours or more.



Auditor of State Betty Montgomery

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

Ada Public School District Library
Hardin County
320 North Main Street
Ada, Ohio 45810

To the Board of Trustees:

We have audited the accompanying financial statements of the Ada Public School District Library, Hardin County, (the "Library"), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated March 22, 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*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated March 22, 2004.

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

March 22, 2004



**Auditor of State
Betty Montgomery**

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800-282-0370
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ADA PUBLIC SCHOOL 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
MAY 6, 2004**