



**HURON PUBLIC LIBRARY
ERIE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Huron Public Library
Erie County
333 Williams Street
Huron, Ohio 44839-1645

To the Board of Trustees:

We have audited the accompanying financial statements of the Huron Public Library, Erie County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits 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 audits provide 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, 1999 and 1998, 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 23, 2000 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.

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

Jim Petro
Auditor of State

March 23, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 605,179	\$ 0	\$ 605,179
Patron Fines and Fees	24,361		24,361
Earnings on Investments	20,083	105,857	125,940
Contributions, Gifts and Donations	4,387		4,387
Miscellaneous Receipts	1,800		1,800
	<u>655,810</u>	<u>105,857</u>	<u>761,667</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries and Benefits	286,428		286,428
Supplies	11,247		11,247
Purchased and Contracted Services	70,164		70,164
Library Materials and Information	98,567		98,567
Capital Outlay	25,524	155,346	180,870
Other Objects	5,038		5,038
	<u>496,968</u>	<u>155,346</u>	<u>652,314</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>158,842</u>	<u>(49,489)</u>	<u>109,353</u>
Other Financing Receipts/(Disbursements):			
Proceeds of Notes		4,300,000	4,300,000
Transfers-In		100,000	100,000
Transfers-Out	(100,000)		(100,000)
	<u>(100,000)</u>	<u>4,400,000</u>	<u>4,300,000</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	58,842	4,350,511	4,409,353
Fund Cash Balances, January 1	<u>163,598</u>	<u>212,470</u>	<u>376,068</u>
Fund Cash Balances, December 31	<u>\$ 222,440</u>	<u>\$ 4,562,981</u>	<u>\$ 4,785,421</u>
Reserves for Encumbrances, December 31	<u>\$ 13,508</u>	<u>\$ 3,790</u>	<u>\$ 17,298</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Services Provided to Other Entities	\$ 23,774
Operating Cash Disbursements:	
Current:	
Purchased and Contracted Services	8,325
Operating Income	15,449
Fund Cash Balances, January 1	1,574
Fund Cash Balances, December 31	\$ 17,023
Reserves for Encumbrances, December 31	\$ 0

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 542,735	\$ 0	\$ 542,735
Patron Fines and Fees	25,582		25,582
Earnings on Investments	17,645		17,645
Contributions, Gifts and Donations	9,029		9,029
Miscellaneous	0	1,213	1,213
	<u>594,991</u>	<u>1,213</u>	<u>596,204</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries and Benefits	252,196		252,196
Supplies	12,927		12,927
Purchased and Contracted Services	82,744		82,744
Library Materials and Information	113,810		113,810
Capital Outlay	6,517	131,852	138,369
Other Objects	4,299		4,299
	<u>472,493</u>	<u>131,852</u>	<u>604,345</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>122,498</u>	<u>(130,639)</u>	<u>(8,141)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		120,000	120,000
Transfers-Out	(100,000)		(100,000)
	<u>(100,000)</u>	<u>120,000</u>	<u>20,000</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	22,498	(10,639)	11,859
Fund Cash Balances, January 1	<u>141,100</u>	<u>223,109</u>	<u>364,209</u>
Fund Cash Balances, December 31	<u>\$ 163,598</u>	<u>\$ 212,470</u>	<u>\$ 376,068</u>
Reserves for Encumbrances, December 31	<u>\$ 10,688</u>	<u>\$ 3,000</u>	<u>\$ 13,688</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Services Provided to Other Entities	\$ 27,551
Operating Cash Disbursements:	
Current:	
Purchased and Contracted Services	5,977
Operating Income	21,574
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	21,574
Transfers-Out	(20,000)
Net Receipts Over Disbursements	1,574
Fund Cash Balances, January 1	0
Fund Cash Balances, December 31	\$ 1,574
Reserves for Encumbrances, December 31	\$0

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Huron Public Library, Erie County, Ohio, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the local 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

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Except 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.

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 had the following significant capital project funds:

Capital Improvement Fund - This fund receives General Fund monies annually to be used for the construction of an addition to the current library building.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Capital Project Funds (Continued)

Library Expansion Fund - This fund contains revenue from the sale of bonds on which interest is received for the construction of an addition to the current library building.

3. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Library had the following significant enterprise funds:

Kilbury Building Fund - This fund is used to account for the rental income and expenses of maintaining the Kilbury Building.

E. Budgetary Process

The Ohio Administrative Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function level of control. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 1999 and 1998 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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

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>1999</u>	<u>1998</u>
Demand deposits	\$ 21,697	\$ 25,216
STAR Ohio	<u>4,780,747</u>	<u>352,426</u>
Total deposits and investments	<u>\$ 4,802,444</u>	<u>\$ 377,642</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.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 610,534	\$ 655,810	\$ 45,276
Capital Projects	4,300,965	4,505,857	204,892
Enterprise	<u>23,280</u>	<u>23,774</u>	<u>494</u>
Total	<u>\$ 4,934,779</u>	<u>\$ 5,185,441</u>	<u>\$ 250,662</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 773,438	\$ 610,476	\$ 162,962
Capital Projects	4,512,470	159,136	4,353,334
Enterprise	<u>24,854</u>	<u>8,325</u>	<u>16,529</u>
Total	<u>\$ 5,310,762</u>	<u>\$ 777,937</u>	<u>\$ 4,532,825</u>

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 545,844	\$ 594,991	\$ 49,147
Capital Projects	76,325	121,213	44,888
Enterprise	28,400	27,551	(849)
Total	\$ 650,569	\$ 743,755	\$ 93,186

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 663,704	\$ 583,181	\$ 80,523
Capital Projects	223,109	134,852	88,257
Enterprise	28,400	25,977	2,423
Total	\$ 915,213	\$ 744,010	\$ 171,203

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 on account of any additional revenues realized by the Library.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT

In 1999, the Board of Trustees of the Huron Public Library submitted to the Huron City School District Board of Education a property tax levy to be used for an addition to the Library. The Board of Education serves as the taxing authority and issues tax related debt on behalf of the Library, although their role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Library Trustees.

With approval of the levy, the Board of Education issued District general obligation bonds, in the amount of \$4,300,000 in 1999 for the Library addition. The bonds will be paid by the Board of Education from proceeds of the property tax levy.

The Library also entered an agreement to purchase property on land contract in 1998.

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Land Contract	\$ 120,000	9%

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Land Contract
2000	\$ 50,800
2001	47,200
2002	43,600
Total	\$ 141,600

6. 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 also 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. The Library has paid all contributions required through December 31, 1999.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

7. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions



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

Huron Public Library
Erie County
333 Williams Street
Huron, Ohio 44839-1645

To the Board of Trustees:

We have audited the accompanying financial statements of the Huron Public Library, Erie County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 23, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 audits 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 audits, 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 March 23, 2000.

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 23, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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HURON PUBLIC LIBRARY

ERIE 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
APRIL 18, 2000**