



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

HUBBARD PUBLIC LIBRARY
TRUMBULL COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Hubbard Public Library
Trumbull County
436 West Liberty Street
Hubbard, Ohio 44425

To the Board of Trustees:

We have audited the accompanying financial statements of the Hubbard Public Library, (the Library) as of and for the years ended December 31, 2001 and 2000. 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, 2001 and 2000, 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 June 10, 2002, 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, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

Jim Petro
Auditor of State

June 10, 2002

**HUBBARD PUBLIC LIBRARY
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Government Grants-In-Aid	\$968,181	\$6,832			\$975,013
Patron Fines and Fees	14,026				14,026
Earnings on Investments	2,921		\$60,846		63,767
Contributions, Gifts and Donations	2,873		147		3,020
Miscellaneous Receipts	1,589				1,589
Total Cash Receipts	<u>989,590</u>	<u>6,832</u>	<u>60,993</u>		<u>1,057,415</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	554,855				554,855
Supplies	27,899				27,899
Purchased and Contracted Services	85,832		127,812		213,644
Library Materials and Information	189,539	6,552			196,091
Other Objects	2,417				2,417
Capital Outlay	22,191	280	411,581	\$164	434,216
Total Cash Disbursements	<u>882,733</u>	<u>6,832</u>	<u>539,393</u>	<u>164</u>	<u>1,429,122</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>106,857</u>		<u>(478,400)</u>	<u>(164)</u>	<u>(371,707)</u>
Other Financing Receipts/(Disbursements):					
Proceeds of Notes			1,400,000		1,400,000
Transfers-In			107,645		107,645
Transfers-Out	(107,645)				(107,645)
Total Other Financing Receipts/(Disbursements)	<u>(107,645)</u>		<u>1,507,645</u>		<u>1,400,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(788)		1,029,245	(164)	1,028,293
Fund Cash Balances, January 1	112,038		420,542	663	533,243
Fund Cash Balances, December 31	<u>\$111,250</u>		<u>\$1,449,787</u>	<u>\$499</u>	<u>\$1,561,536</u>
Reserves for Encumbrances, December 31	<u>\$90,962</u>		<u>\$916,465</u>		<u>\$1,007,427</u>

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

**HUBBARD PUBLIC LIBRARY
TRUMBULL COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Receipts:	
Contributions, Gifts and Donations	\$150
Earnings on Investments	47
Total Operating Cash Receipts	197
Operating Cash Disbursements:	
Current:	
Salaries and Benefits	
Purchased and Contracted Services	
Library Materials and Information	161
Other Objects	
Capital Outlay	
Total Operating Cash Disbursements	161
Operating Income/(Loss)	36
Net Receipts Over/(Under) Disbursements	36
Fund Cash Balances, January 1	1,556
Fund Cash Balances, December 31	\$1,592
Reserves for Encumbrances, December 31	\$515

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

**HUBBARD PUBLIC LIBRARY
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Government Grants-In-Aid	\$954,797			\$954,797
Patron Fines and Fees	16,186			16,186
Earnings on Investments	3,589	\$19,754		23,343
Contributions, Gifts and Donations	3,454			3,454
Miscellaneous Receipts	69			69
Total Cash Receipts	<u>978,095</u>	<u>19,754</u>		<u>997,849</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	537,908			537,908
Supplies	26,071			26,071
Purchased and Contracted Services	96,421	21,250		117,671
Library Materials and Information	152,999			152,999
Other Objects	2,245			2,245
Capital Outlay	17,336		\$400	17,736
Total Cash Disbursements	<u>832,980</u>	<u>21,250</u>	<u>400</u>	<u>854,630</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>145,115</u>	<u>(1,496)</u>	<u>(400)</u>	<u>143,219</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		217,325		217,325
Transfers-Out	(217,325)			(217,325)
Total Other Financing Receipts/(Disbursements)	<u>(217,325)</u>	<u>217,325</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(72,210)	215,829	(400)	143,219
Fund Cash Balances, January 1	184,248	204,713	1,063	390,024
Fund Cash Balances, December 31	<u>\$112,038</u>	<u>\$420,542</u>	<u>\$663</u>	<u>\$533,243</u>
Reserves for Encumbrances, December 31	<u>\$103,742</u>	<u>\$140,000</u>		<u>\$243,742</u>

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

**HUBBARD PUBLIC LIBRARY
TRUMBULL COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Contributions, Gifts and Donations	\$50
Earnings on Investments	46
Total Operating Cash Receipts	96
Operating Cash Disbursements:	
Current:	
Salaries and Benefits	
Purchased and Contracted Services	
Library Materials and Information	173
Capital Outlay	
Total Operating Cash Disbursements	173
Operating Income/(Loss)	(77)
Net Receipts Over/(Under) Disbursements	(77)
Fund Cash Balances, January 1	1,633
Fund Cash Balances, December 31	\$1,556
Reserves for Encumbrances, December 31	\$34

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

**HUBBARD PUBLIC LIBRARY
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Hubbard Public Library, Trumbull 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 Hubbard Exempted Village School District 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

Investments are reported as assets. Accordingly, 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. The investment in STAR Ohio (the 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 Fund

The Library established this fund to account for the receipts and expenditures from a federal grant received through the State Library of Ohio.

**HUBBARD PUBLIC LIBRARY
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Projects 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 projects funds:

Hubbard Public Library Building, Repair, and Improvement Fund - Monies are to be used for improvements to the inside of the Library for library related purposes.

Construction Fund - This fund was established to account for the expenditures of the Library's renovation project. This fund received the proceeds of the notes which were issued by the school district.

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 has the following significant fiduciary funds:

Schneider Trust Fund - This fund is a nonexpendable trust fund. Interest is used to purchase books for Dr. Schneider's memorial section of the Library.

Gift Fund - This fund is an expendable trust fund accepting donations of money from patrons which are used for memorial books in honor or memory of individuals of their choice.

E. Budgetary Process

The Ohio Administrative Code requires budgeting for each fund annually.

1. Appropriations

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.

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.

**HUBBARD PUBLIC LIBRARY
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are not required to estimate resources or encumber appropriations.

A summary of 2001 and 2000 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees who have been employed by the Library for at least 1 year are entitled to cash payments for unused vacation leave. Employees are eligible for up to 25% of their accumulated sick leave upon retirement. 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 investment 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:

	2001	2000
Demand deposits	\$118,687	\$207,849
Certificates of deposit	1,000	1,000
Total deposits	119,687	208,849
STAR Ohio	1,443,441	325,950
Total investments	1,443,441	325,950
Total deposits and investments	\$1,563,128	\$534,799

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.

**HUBBARD PUBLIC LIBRARY
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,100,983	\$1,081,340	\$19,643
Special Revenue	6,832	6,832	0
Capital Projects	1,455,858	1,455,858	0
Fiduciary	884	841	43
	\$2,564,557	\$2,544,871	\$19,686

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$977,620	\$978,095	\$475
Capital Projects	143,223	237,079	93,856
Fiduciary	96	96	0
Total	\$1,120,939	\$1,215,270	\$94,331

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,161,868	\$1,154,047	\$7,821
Capital Projects	161,250	161,250	0
Fiduciary	750	607	143
	\$1,323,868	\$1,315,904	\$7,964

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 any additional revenues the Library receives.

**HUBBARD PUBLIC LIBRARY
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

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 also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Library has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

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

7. CONTRACTUAL COMMITMENTS

The Library had the following contractual commitments outstanding at December 31, 2001.

Renovation Project	Contract Amount	Amount Paid	Remaining on Contract
General Contractor	\$811,951	\$320,180	\$491,771
Electrical Contractor	162,239	25,170	137,069
Heating, Ventilating, and Air Conditioning Contractor	118,325	116,879	1,446
Plumbing Contractor	56,823	8,484	48,339
Cabinetry	134,096		134,096
Total	\$1,283,434	\$470,713	\$812,721

The Library had deposited in escrow accounts at National City Bank \$41,078. These amounts had been recorded as expenditures by the Library and will be turned over to the contractors on satisfactorily completing the project.

**HUBBARD PUBLIC LIBRARY
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

8. DEBT

In November, 1999, a tax levy was passed in the Hubbard Exempted Village School District's name for the Hubbard Public Library (the "Library"). In accordance with Ohio Revised Code Section 3375.43 - 45, local libraries are not allowed to issue debt or levy taxes in their name, therefore, after School Board approval, the levy was placed in the name of Hubbard Exempted Village School District. The School District acts as taxing authority for the Library, collects levied taxes and makes required debt service payments.

On February 10, 2001, the District issued bond anticipation notes in the amount of \$1,400,000. The bond anticipation notes were issued on behalf of the Library, and the proceeds of the bond anticipation notes were transferred to the Board of Trustees of the Library. The bond anticipation notes were retired upon the issuance of general obligation bonds on October 25, 2001.

The bond anticipation notes constitute indebtedness of the Hubbard Exempted Village School District.



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

Hubbard Public Library
Trumbull County
436 West Liberty Street
Hubbard, Ohio 44425

To the Board of Trustees:

We have audited the accompanying financial statements of the Hubbard Public Library (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 10, 2002. 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

June 10, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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HUBBARD PUBLIC LIBRARY

TRUMBULL 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 23, 2002**