



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

HURON PUBLIC LIBRARY
ERIE COUNTY

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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 Huron 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 audits.

We conducted our audits 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 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 fund cash balances and reserves for encumbrances of the Library as of December 31, 2001 and 2000, and its 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 February 15, 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 audits.

This report is intended solely for the information and use of the audit committee, 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

February 15, 2002

**HURON PUBLIC LIBRARY
ERIE COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$647,977		\$647,977
Patron Fines and Fees	32,909		32,909
Earnings on Investments	28,217	\$153,232	181,449
Contributions, Gifts and Donations	6,715		6,715
Miscellaneous Receipts	20		20
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	715,838	153,232	869,070
Cash Disbursements:			
Current:			
Salaries and Benefits	336,508		336,508
Supplies	16,259		16,259
Purchased and Contracted Services	91,380		91,380
Library Materials and Information	95,719		95,719
Other Objects	4,460		4,460
Capital Outlay	15,944	2,302,185	2,318,129
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	560,270	2,302,185	2,862,455
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	155,568	(2,148,953)	(1,993,385)
Other Financing Receipts/(Disbursements):			
Transfers-In		102,850	102,850
Transfers-Out	(100,000)		(100,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(100,000)	102,850	2,850
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	55,568	(2,046,103)	(1,990,535)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	274,951	4,374,064	4,649,015
Fund Cash Balances, December 31	<hr/> \$330,519	<hr/> \$2,327,961	<hr/> \$2,658,480
Reserves for Encumbrances, December 31	<hr/>	<hr/>	<hr/>
	\$17,752	\$43,586	\$61,338

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

HURON PUBLIC LIBRARY
ERIE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Disbursements:	
Current:	
Purchased and Contracted Services	<u>\$2,240</u>
Operating Loss	(2,240)
Transfers-Out	<u>(2,850)</u>
Net Disbursements Over Receipts	(5,090)
Fund Cash Balances, January 1	<u>5,090</u>
Fund Cash Balances, December 31	<u><u>5,090</u></u>

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

**HURON PUBLIC LIBRARY
ERIE COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$641,348		\$641,348
Patron Fines and Fees	19,990		19,990
Earnings on Investments	32,204	\$242,077	274,281
Contributions, Gifts and Donations	2,819	100	2,919
Miscellaneous Receipts	100		100
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	696,461	242,177	938,638
Cash Disbursements:			
Current:			
Salaries and Benefits	307,249		307,249
Supplies	11,002		11,002
Purchased and Contracted Services	72,066		72,066
Library Materials and Information	87,798		87,798
Other Objects	6,744		6,744
Capital Outlay	9,091	593,094	602,185
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	493,950	593,094	1,087,044
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	202,511	(350,917)	(148,406)
Other Financing Receipts/(Disbursements):			
Transfers-In		162,000	162,000
Transfers-Out	(150,000)		(150,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(150,000)	162,000	12,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	52,511	(188,917)	(136,406)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	222,440	4,562,981	4,785,421
Fund Cash Balances, December 31	<hr/> \$274,951	<hr/> \$4,374,064	<hr/> \$4,649,015
Reserves for Encumbrances, December 31	<hr/>	<hr/>	<hr/>
	\$13,879		\$13,879

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

**HURON PUBLIC LIBRARY
ERIE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$5,500
Operating Cash Disbursements:	
Current:	
Purchased and Contracted Services	7,208
Operating Loss	(1,708)
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	1,775
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	67
Transfers-Out	(12,000)
Net Disbursements Over Receipts	(11,933)
Fund Cash Balances, January 1	17,023
Fund Cash Balances, December 31	\$5,090

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

**HURON PUBLIC LIBRARY
ERIE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Huron Public Library, Erie 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 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 Projects Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following significant capital projects fund:

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.

**HURON PUBLIC LIBRARY
ERIE COUNTY**

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

3. Enterprise Fund

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 fund:

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 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 function 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.

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 are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

**HURON PUBLIC LIBRARY
ERIE COUNTY**

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

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	\$43,042	\$87,578
STAR Ohio	2,615,438	4,566,527
Total deposits and investments	\$2,658,480	\$4,654,105

Deposits: Demand 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 ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$953,879	\$678,022	\$275,857
Capital Projects	4,474,065	2,345,771	2,128,294
Enterprise	5,090	5,090	
Total	\$5,433,034	\$3,028,883	\$2,404,151

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$639,984	\$696,461	\$56,477
Capital Projects	129,422	404,177	274,755
Enterprise	12,390	7,275	(5,115)
Total	\$781,796	\$1,107,913	\$326,117

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$859,308	\$657,829	\$201,479
Capital Projects	4,692,403	593,094	4,099,309
Enterprise	29,413	19,208	10,205
Total	\$5,581,124	\$1,270,131	\$4,310,993

**HURON PUBLIC LIBRARY
ERIE COUNTY**

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

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.

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.

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	Interest Rate
Land Contract	<u>\$40,000</u>	9%

In 1999, the Board of Trustees of the 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.

**HURON PUBLIC LIBRARY
ERIE COUNTY**

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

Amortization of the land contract, including interest, is scheduled as follows:

<u>Year ending December 31:</u>	<u>Land Contract</u>
2002	<u><u>\$43,600</u></u>

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 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 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000. The Library has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

Commercial Insurance

The Huron Public Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- 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 Huron Public Library (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated February 15, 2002. We conducted our audits 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 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the Library in a separate letter dated February 15, 2002.

This report is intended solely for the information and use of the audit committee, 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

February 15, 2002



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
MARCH 21, 2002**