



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

FINDLAY-HANCOCK COUNTY PUBLIC LIBRARY
HANCOCK COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Findlay-Hancock County Public Library
Hancock County
206 Broadway Street
Findlay, Ohio 45840-3382

To the Board of Trustees:

We have audited the accompanying financial statements of Findlay-Hancock County 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 May 23, 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 finance 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

May 23, 2002

**FINDLAY-HANCOCK COUNTY PUBLIC LIBRARY
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND 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>Capital Projects</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:				
State Income Taxes	\$2,726,031			\$2,726,031
Patron Fines and Fees	92,685			92,685
Earnings on Investments	76,724		\$142	76,866
Contributions, Gifts and Donations	28,339			28,339
Miscellaneous Receipts	46,172			46,172
Total Cash Receipts	2,969,951		142	2,970,093
Cash Disbursements:				
Current:				
Salaries and Benefits	1,755,053			1,755,053
Supplies	119,927			119,927
Purchased and Contracted Services	264,986		295	265,281
Library Materials and Information	453,248			453,248
Other Objects	9,117			9,117
Debt Service:				
Lease Payments	117,603	\$120,000		237,603
Capital Outlay	108,845			108,845
Total Cash Disbursements	2,828,779	120,000	295	2,949,074
Total Cash Receipts Over/(Under) Cash Disbursements	141,172	(120,000)	(153)	21,019
Other Financing Receipts/(Disbursements):				
Transfers-In		165,000		165,000
Transfers-Out	(165,000)			(165,000)
Total Other Financing Receipts/(Disbursements)	(165,000)	165,000		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(23,828)	45,000	(153)	21,019
Fund Cash Balances, January 1	1,434,577	273,007	2,195	1,709,779
Fund Cash Balances, December 31	\$1,410,749	\$318,007	\$2,042	\$1,730,798
Reserves for Encumbrances, December 31	\$34,000			\$34,000

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

**FINDLAY-HANCOCK COUNTY PUBLIC LIBRARY
HANCOCK COUNTY**

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

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	General	Capital Projects	Nonexpendable Trust	
Cash Receipts:				
State Income Taxes	\$2,713,742			\$2,713,742
Patron Fines and Fees	86,950			86,950
Earnings on Investments	89,258		\$116	89,374
Contributions, Gifts and Donations	8,762			8,762
Miscellaneous Receipts	55,855			55,855
Total Cash Receipts	2,954,567		116	2,954,683
Cash Disbursements:				
Current:				
Salaries and Benefits	1,577,531			1,577,531
Supplies	104,830			104,830
Purchased and Contracted Services	237,032			237,032
Library Materials and Information	399,364			399,364
Other Objects	13,751			13,751
Debt Service:				
Lease Payments	122,565	\$115,000		237,565
Capital Outlay	181,419			181,419
Total Cash Disbursements	2,636,492	115,000		2,751,492
Total Cash Receipts Over/(Under) Cash Disbursements	318,075	(115,000)	116	203,191
Other Financing Receipts/(Disbursements):				
Transfers-In		160,000		160,000
Transfers-Out	(160,000)			(160,000)
Total Other Financing Receipts/(Disbursements)	(160,000)	160,000		
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	158,075	45,000	116	203,191
Fund Cash Balances, January 1	1,276,502	228,007	2,079	1,506,588
Fund Cash Balances, December 31	\$1,434,577	\$273,007	\$2,195	\$1,709,779
Reserves for Encumbrances, December 31	\$35,200			\$35,200

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

**FINDLAY HANCOCK COUNTY PUBLIC LIBRARY
HANCOCK COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Findlay-Hancock County Public Library, Hancock 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 Hancock County Court of Common Pleas and the Hancock County Commissioners. 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. Money market mutual funds (including STAR Ohio) are recorded at share values as reported by the mutual fund.

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 fund:

**FINDLAY HANCOCK COUNTY PUBLIC LIBRARY
HANCOCK COUNTY**

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

Building and Repair Fund – This fund receives transfers from the General Fund to pay the Hancock County Commissioners the principal due annually on the bonds issued to finance Library improvements.

3. Fiduciary Funds (Trust Fund)

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 fund:

Fleming Trust Fund – Receives interest from certificate of deposit for the purchase of library materials.

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.

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.

**FINDLAY HANCOCK COUNTY PUBLIC LIBRARY
HANCOCK 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 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:

	2001	2000
Cash on hand	\$200	\$200
Demand deposits	166,069	16,088
Certificates of deposit	693,327	641,823
Total deposits	859,596	658,111
Money market mutual fund	535,000	730,000
STAR Ohio	336,202	321,668
Total investments	871,202	1,051,668
Total deposits and investments	\$1,730,798	\$1,709,779

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

Investments: Investments in money market mutual funds (including STAR Ohio) are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2001 and 2000 follows:

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,409,200	\$3,027,779	\$1,381,421
Capital Projects	420,000	120,000	300,000
Fiduciary	350	295	55
Total	\$4,829,550	\$3,148,074	\$1,681,476

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,771,996	\$2,954,567	\$182,571
Capital Projects	185,500	160,000	(25,500)
Fiduciary	85	116	31
Total	\$2,957,581	\$3,114,683	\$157,102

**FINDLAY HANCOCK COUNTY PUBLIC LIBRARY
HANCOCK COUNTY**

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

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,854,195	\$2,831,692	\$1,022,503
Capital Projects	380,000	115,000	265,000
Fiduciary	150	150	150
Total	\$4,234,345	\$2,946,692	\$1,287,653

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. LEASE OBLIGATIONS

In 1989, the Hancock County Commissioners issued bonds to finance a portion of the cost of the library renovation project. The Board of Trustees signed an agreement to transfer the deed to the library property over to the County Commissioners and to lease back the facilities from the Commissioners. The rental payments each year are equal to the annual principal and interest due on the bonds. Upon retirement of all outstanding principal of the bonds, the County will reconvey the deed back to the Board of Trustees.

The following schedule shows the Library's lease payment obligations as of December 31, 2002:

Year ending December 31:	Lease Payments
2002	\$234,343
2003	237,030
2004	238,998
2005	235,225
2006	236,000
Subsequent	1,206,580
Total	\$2,388,176

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.

**FINDLAY HANCOCK COUNTY PUBLIC LIBRARY
HANCOCK COUNTY**

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

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.

7. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Commercial Property;
- General Liability;
- Employee Benefits Liability;
- Employer Liability; and
- Commercial Auto

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

Findlay-Hancock County Public Library
Hancock County
206 Broadway Street
Findlay, Ohio 45840-3382

To the Board of Trustees:

We have audited the accompanying financial statements of Findlay-Hancock County Public Library (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 23, 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. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated May 23, 2002.

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. 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 May 23, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

May 23, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

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FINDLAY-HANCOCK COUNTY PUBLIC LIBRARY

HANCOCK 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
JUNE 18, 2002**