



**HUDSON LIBRARY AND HISTORICAL SOCIETY  
SUMMIT COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**HUDSON LIBRARY AND HISTORICAL SOCIETY  
SUMMIT COUNTY**

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STATE OF OHIO  
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**REPORT OF INDEPENDENT ACCOUNTANTS**

Hudson Library and Historical Society  
Summit County  
22 Aurora Street  
Hudson, Ohio 44236

To the Board of Trustees:

We have audited the accompanying financial statements of the Hudson Library and Historical Society (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 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 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 18, 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 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". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

June 18, 2002

**HUDSON LIBRARY AND HISTORICAL SOCIETY  
SUMMIT COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$359,206	\$372,313	\$731,519
Other Government Grants-In-Aid	986,492		986,492
Patron Fines and Fees	37,690		37,690
Earnings on Investments	11,817	147	11,964
Miscellaneous Receipts	10,938		10,938
	<u>1,406,143</u>	<u>372,460</u>	<u>1,778,603</u>
<b>Total Cash Receipts</b>			
	<u>1,406,143</u>	<u>372,460</u>	<u>1,778,603</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	921,836		921,836
Purchased and Contracted Services	139,936	370,059	509,995
Supplies	33,418		33,418
Library Materials and Information	285,479		285,479
Other Objects	3,931	2,374	6,305
Capital Outlay	53,350		53,350
	<u>1,437,950</u>	<u>372,433</u>	<u>1,810,383</u>
<b>Total Cash Disbursements</b>			
	<u>1,437,950</u>	<u>372,433</u>	<u>1,810,383</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(31,807)</u>	<u>27</u>	<u>(31,780)</u>
Fund Cash Balances, January 1	<u>278,422</u>	<u>994</u>	<u>279,416</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$246,615</b></u>	<u><b>\$1,021</b></u>	<u><b>\$247,636</b></u>
Reserves for Encumbrances, December 31	<u>\$31,045</u>	<u>\$0</u>	<u>\$0</u>

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

**HUDSON LIBRARY AND HISTORICAL SOCIETY  
SUMMIT 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$344,022	\$283,484	\$627,506
Other Government Grants-In-Aid	932,205		932,205
Patron Fines and Fees	32,929		32,929
Earnings on Investments	17,293	10	17,303
Miscellaneous Receipts	7,074		7,074
	<u>1,333,523</u>	<u>283,494</u>	<u>1,617,017</u>
<b>Total Cash Receipts</b>			
	<u>1,333,523</u>	<u>283,494</u>	<u>1,617,017</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	799,161		799,161
Purchased and Contracted Services	123,784	282,500	406,284
Supplies	33,373		33,373
Library Materials and Information	331,123		331,123
Other Objects	3,734		3,734
Capital Outlay	63,380		63,380
	<u>1,354,555</u>	<u>282,500</u>	<u>1,637,055</u>
<b>Total Cash Disbursements</b>			
	<u>1,354,555</u>	<u>282,500</u>	<u>1,637,055</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(21,032)</u>	<u>994</u>	<u>(20,038)</u>
Fund Cash Balances, January 1	<u>299,454</u>	<u>0</u>	<u>299,454</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$278,422</b></u>	<u><b>\$994</b></u>	<u><b>\$279,416</b></u>
Reserves for Encumbrances, December 31	<u>\$43,143</u>	<u>\$0</u>	<u>\$0</u>

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



**HUDSON LIBRARY AND HISTORICAL SOCIETY  
SUMMIT COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Hudson Library and Historical Society, Summit 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 self appointing twelve-member Board of Trustees. The Library provides the community with various educational and literary resources.

A private historical society is associated with the Library. Since the private historical society's tax exemption is independent of the Library, its financial statements are not included in this report.

The Library's management believes these financial statements present all activities for which the Library is financially accountable except debt service funds maintained by the City of Hudson as described in Note 5 to the financial statements.

**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 included in the fund cash balances. 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.

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.

**HUDSON LIBRARY AND HISTORICAL SOCIETY  
SUMMIT COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library has the following significant capital projects fund:

*New Library Fund* – This fund receives levy proceeds through the City of Hudson for the construction of a new Library facility.

**E. Budgetary Process**

The Ohio Administrative Code requires budgeting for each fund annually.

**1. Appropriations**

The Board must annually approve the appropriation measure 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.

**HUDSON LIBRARY AND HISTORICAL SOCIETY  
SUMMIT 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	\$13,595	\$15,876
Change drawer	500	500
Total deposits	14,095	16,376
STAR Ohio	233,541	263,040
Total deposits and investments	\$247,636	\$279,416

**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, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,398,969	\$1,406,143	\$7,174
Capital Projects	1,852,400	372,460	(1,479,940)
Total	\$3,251,369	\$1,778,603	(\$1,472,766)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,684,565	\$1,468,995	\$215,570
Capital Projects	373,454	372,433	1,021
Total	\$2,058,019	\$1,841,428	\$216,591

**HUDSON LIBRARY AND HISTORICAL SOCIETY  
SUMMIT COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,291,813	\$1,333,523	\$41,710
Capital Projects	0	283,494	283,494
Total	\$1,291,813	\$1,617,017	\$325,204

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,632,476	\$1,397,698	\$234,778
Capital Projects	283,494	282,500	994
Total	\$1,915,970	\$1,680,198	\$235,772

**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), which is included in the financial statements as Other Government Grants-In-Aid. 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 payments, 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.

**HUDSON LIBRARY AND HISTORICAL SOCIETY  
SUMMIT COUNTY**

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

**4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)**

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**

On behalf of the Library, the City of Hudson placed a building levy on the November 1999 ballot. This levy passed and in May 2000 the City of Hudson issued bonds on behalf of the Library. The City of Hudson handles all tax collections and payments for the bonds. The Library receives money from the City on an as needed basis for the construction costs of the new library facility.

**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. 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**

The Library has obtained commercial insurance for the following risks:

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

The Library also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

**8. SUBSEQUENT EVENTS**

The Library's renewal operating levy was defeated by the voters during the May 2002 elections. The Library Board is reviewing 2002 budgeted expenses in anticipation of receiving less tax revenues.

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

Hudson Library and Historical Society  
Summit County  
22 Aurora Street  
Hudson, Ohio 44236

To the Board of Trustees:

We have audited the accompanying financial statements of the Hudson Library and Historical Society (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 18, 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 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 June 18, 2002.

This report is intended solely 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

**Jim Petro**  
Auditor of State

June 18, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**HUDSON LIBRARY AND HISTORICAL SOCIETY**

**SUMMIT 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**