



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

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**FINDLAY-HANCOCK COUNTY PUBLIC LIBRARY
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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 the Findlay-Hancock County Public Library, Hancock 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 June 16, 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 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".

Jim Petro
Auditor of State

June 16, 2000

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**FINDLAY-HANCOCK COUNTY PUBLIC LIBRARY
 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, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Fiduciary Fund Type</u>	
Cash Receipts:				
Taxes	\$2,518,680			\$2,518,680
Patron Fines and Fees	85,167			85,167
Earnings on Investments	69,192		\$79	69,271
Contributions, Gifts and Donations	2,439	\$1,892		4,331
Miscellaneous Receipts	24,777			24,777
Total Cash Receipts	<u>2,700,255</u>	<u>1,892</u>	<u>79</u>	<u>2,702,226</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	1,474,969			1,474,969
Supplies	86,782			86,782
Purchased and Contracted Services	228,748			228,748
Library Materials and Information	403,166			403,166
Other Objects	11,239			11,239
Debt Service:				
Redemption of Principal		110,000		110,000
Interest Payments and Other Financing Fees and Costs	128,505			128,505
Capital Outlay	79,900	204		80,104
Total Cash Disbursements	<u>2,413,309</u>	<u>110,204</u>		<u>2,523,513</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>286,946</u>	<u>(108,312)</u>	<u>79</u>	<u>178,713</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		155,000		155,000
Transfers-Out	(155,000)			(155,000)
Total Other Financing Receipts/(Disbursements)	<u>(155,000)</u>	<u>155,000</u>		
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	<u>131,946</u>	<u>46,688</u>	<u>79</u>	<u>178,713</u>
Fund Cash Balances, January 1	<u>1,144,556</u>	<u>181,319</u>	<u>2,000</u>	<u>1,327,875</u>
Fund Cash Balances, December 31	<u>\$1,276,502</u>	<u>\$228,007</u>	<u>\$2,079</u>	<u>\$1,506,588</u>
Reserves for Encumbrances, December 31	<u>\$19,700</u>			<u>\$19,700</u>

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

**FINDLAY-HANCOCK COUNTY PUBLIC LIBRARY
 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, 1998**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Capital Projects	Fiduciary Fund Type	
Cash Receipts:				
Taxes	\$2,383,895			\$2,383,895
Patron Fines and Fees	91,809			91,809
Earnings on Investments	62,648		\$101	62,749
Contributions, Gifts and Donations	3,253	\$5,517		8,770
Miscellaneous Receipts	58,010			58,010
Total Cash Receipts	<u>2,599,615</u>	<u>5,517</u>	<u>101</u>	<u>2,605,233</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	1,299,812			1,299,812
Supplies	75,520			75,520
Purchased and Contracted Services	223,065			223,065
Library Materials and Information	323,091		101	323,192
Other Objects	6,015			6,015
Debt Service:				
Redemption of Principal		105,000		105,000
Interest Payments and Other Financing Fees and Costs	135,421			135,421
Capital Outlay	81,202			81,202
Total Cash Disbursements	<u>2,144,126</u>	<u>105,000</u>	<u>101</u>	<u>2,249,227</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>455,489</u>	<u>(99,483)</u>		<u>356,006</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		150,000		150,000
Transfers-Out	(150,000)			(150,000)
Total Other Financing Receipts/(Disbursements)	<u>(150,000)</u>	<u>150,000</u>		
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	<u>305,489</u>	<u>50,517</u>		<u>356,006</u>
Fund Cash Balances, January 1	<u>839,067</u>	<u>130,802</u>	<u>2,000</u>	<u>971,869</u>
Fund Cash Balances, December 31	<u><u>\$1,144,556</u></u>	<u><u>\$181,319</u></u>	<u><u>\$2,000</u></u>	<u><u>\$1,327,875</u></u>
Reserves for Encumbrances, December 31	<u><u>\$26,918</u></u>			<u><u>\$26,918</u></u>

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

**FINDLAY-HANCOCK COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

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 the State 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

Certificates of deposit and money market trust accounts 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. 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:

Building and Repair Fund - Received gifts and donations and transfers from the general fund. The proceeds are being used for repairs and improvements at the main Library.

**FINDLAY-HANCOCK COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. Fiduciary Fund (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. The Library had the following significant fiduciary fund:

Fleming Trust Fund - Received interest from the Fleming Trust for the purchase of library materials.

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 fund, function, and account 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.

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:

**FINDLAY-HANCOCK COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

	<u>1999</u>	<u>1998</u>
Demand deposits	\$14,188	\$17,473
Certificates of deposit	<u>639,868</u>	<u>636,093</u>
Total deposits	<u>654,056</u>	<u>653,566</u>
Money Market Trust	550,000	485,000
STAR Ohio	<u>302,532</u>	<u>189,309</u>
Total investments	<u>852,532</u>	<u>674,309</u>
Total deposits and investments	<u><u>\$1,506,588</u></u>	<u><u>\$1,327,875</u></u>

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

Investments: Money market trust account is secured by U.S. Treasury Notes. 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	\$2,621,129	\$2,700,255	\$79,126
Capital Projects	158,000	156,892	(1,108)
Fiduciary	<u>150</u>	<u>79</u>	<u>(71)</u>
Total	<u><u>\$2,779,279</u></u>	<u><u>\$2,857,226</u></u>	<u><u>\$77,947</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,666,918	\$2,588,009	\$1,078,909
Capital Projects	330,000	110,204	219,796
Fiduciary	<u>150</u>	<u>150</u>	<u>150</u>
Total	<u><u>\$3,997,068</u></u>	<u><u>\$2,698,213</u></u>	<u><u>\$1,298,855</u></u>

**FINDLAY-HANCOCK COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,350,553	\$2,599,615	\$249,062
Capital Projects	134,200	155,517	21,317
Fiduciary	115	101	(14)
Total	\$2,484,868	\$2,755,233	\$270,365

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,052,915	\$2,321,044	\$731,871
Capital Projects	150,000	105,000	45,000
Fiduciary	125	101	24
Total	\$3,203,040	\$2,426,145	\$776,895

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.

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, 1999:

**FINDLAY-HANCOCK COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

Year ending December 31:	Lease Payments
2000	\$237,565
2001	236,183
2002	234,343
2003	237,030
2004	238,998
Subsequent	1,677,805
Total	\$2,861,924

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.

7. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Inland marine
- Umbrella

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

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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 the Findlay-Hancock County Public Library, Hancock County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 16, 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. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated June 16, 2000.

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 16, 2000.

This report is intended 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

June 16, 2000



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JIM PETRO, AUDITOR OF STATE

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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
JULY 13, 2000**