



**Auditor of State
Betty Montgomery**

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

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Findlay-Hancock County Public Library
Hancock County
206 Broadway Street
Findlay, Ohio 45840-3329

To the Board of Trustees:

We have audited the accompanying financial statements of the Findlay-Hancock County Public Library, Hancock County, (the Library) as of and for the years ended December 31, 2003 and 2002. 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 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 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, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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Hancock County
Independent Accountants' Report
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In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2004 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, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 2, 2004

**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, 2003**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Nonexpendable Trust</u>	
Cash Receipts				
Library and Local Government Support	\$ 2,484,138			\$ 2,484,138
Other Grants-In-Aid	20,225			20,225
Patron Fines and Fees	98,994			98,994
Earnings on Investments	40,793		\$ 64	40,857
Contributions, Gifts and Donations	12,761			12,761
Miscellaneous Receipts	48,096			48,096
Total Cash Receipts	<u>2,705,007</u>		<u>64</u>	<u>2,705,071</u>
Cash Disbursements				
Current:				
Salaries and Benefits	1,767,932			1,767,932
Purchased and Contracted Services	240,158			240,158
Library Materials and Information	366,234		106	366,340
Supplies	102,807			102,807
Other	9,394			9,394
Debt Service:				
Redemption of Principal		\$ 160,000		160,000
Interest Payments and Other Financing Fees and Costs	53,981			53,981
Capital Outlay	47,039			47,039
Total Cash Disbursements	<u>2,587,545</u>	<u>160,000</u>	<u>106</u>	<u>2,747,651</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>117,462</u>	<u>(160,000)</u>	<u>(42)</u>	<u>(42,580)</u>
Other Financing Receipts/(Disbursements)				
Transfers-In		231,993		231,993
Transfers-Out	(231,993)			(231,993)
Total Other Financing Receipts/(Disbursements)	<u>(231,993)</u>	<u>231,993</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(114,531)</u>	<u>71,993</u>	<u>(42)</u>	<u>(42,580)</u>
Fund Cash Balances, January 1	<u>1,379,717</u>	<u>358,007</u>	<u>2,042</u>	<u>1,739,766</u>
Fund Cash Balances, December 31	<u><u>\$ 1,265,186</u></u>	<u><u>\$ 430,000</u></u>	<u><u>\$ 2,000</u></u>	<u><u>\$ 1,697,186</u></u>
Reserves for Encumbrances, December 31	<u><u>\$ 16,801</u></u>			<u><u>\$ 16,801</u></u>

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, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Nonexpendable Trust</u>	
Cash Receipts				
Library and Local Government Support	\$ 2,512,585			\$ 2,512,585
Patron Fines and Fees	96,875			96,875
Earnings on Investments	46,779			46,779
Contributions, Gifts and Donations	11,612			11,612
Miscellaneous Receipts	53,043			53,043
	<u>2,720,894</u>			<u>2,720,894</u>
Total Cash Receipts				
	<u>2,720,894</u>			<u>2,720,894</u>
Cash Disbursements				
Current:				
Salaries and Benefits	1,718,977			1,718,977
Purchased and Contracted Services	225,260			225,260
Library Materials and Information	375,771			375,771
Supplies	111,282			111,282
Other	9,333			9,333
Debt Service:				
Redemption of Principal		\$ 180,000		180,000
Interest Payments and Other Financing Fees and Costs	54,589			54,589
Capital Outlay	36,714			36,714
	<u>2,531,926</u>	<u>180,000</u>		<u>2,711,926</u>
Total Cash Disbursements				
	<u>2,531,926</u>	<u>180,000</u>		<u>2,711,926</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>188,968</u>	<u>(180,000)</u>		<u>8,968</u>
Other Financing Receipts/(Disbursements)				
Transfers-In		220,000		220,000
Transfers-Out	(220,000)			(220,000)
	<u>(220,000)</u>	<u>220,000</u>		
Total Other Financing Receipts/(Disbursements)				
	<u>(220,000)</u>	<u>220,000</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(31,032)</u>	<u>40,000</u>		<u>8,968</u>
Fund Cash Balances, January 1	<u>1,410,749</u>	<u>318,007</u>	<u>\$ 2,042</u>	<u>1,730,798</u>
Fund Cash Balances, December 31	<u>\$ 1,379,717</u>	<u>\$ 358,007</u>	<u>\$ 2,042</u>	<u>\$ 1,739,766</u>
Reserves for Encumbrances, December 31	<u>\$ 26,200</u>			<u>\$ 26,200</u>

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, 2003 AND 2002**

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 Board of 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 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:

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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 - 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 - This fund receives interest from a certificate of deposit for the purchase of library materials.

E. Budgetary Process

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 level of control.

A summary of 2003 and 2002 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.

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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.

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:

	2003	2002
Cash on hand	\$ 200	\$ 200
Demand deposits	955,057	172,854
Certificates of deposit	395,510	694,069
Total deposits and cash on hand	1,350,767	867,123
Money market mutual fund		530,135
STAR Ohio	346,419	342,508
Total investments	346,419	872,643
Total deposits, cash on hand, and investments	\$ 1,697,186	\$ 1,739,766

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,933,743	\$ 2,836,339	\$ 1,097,404
Capital Projects	400,000	160,000	240,000
Fiduciary	162	106	56
Total	<u>\$ 4,333,905</u>	<u>\$ 2,996,445</u>	<u>\$ 1,337,460</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,034,643	\$ 2,778,126	\$ 1,256,517
Capital Projects	520,000	180,000	340,000
Fiduciary	162	162	162
Total	<u>\$ 4,554,805</u>	<u>\$ 2,958,126</u>	<u>\$ 1,596,679</u>

4. 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.

5. LEASE OBLIGATION

In 1989, the Hancock County Board of Commissioners issued bonds to finance a portion of the cost of a library renovation project. The Board of Trustees signed an agreement to transfer the deed to the library property 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 convey the deed back to the Board of Trustees.

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

The Library's lease payment obligation, including interest, as of December 31, 2003 is scheduled as follows:

Year ending December 31:	Lease Payments
2004	\$ 229,143
2005	223,193
2006	222,243
2007	226,118
2008	229,180
2009 – 2011	694,198
Total	\$ 1,824,075

6. RETIREMENT SYSTEM

Library employees are members of the Ohio Public Employees Retirement System (OPERS). OPERS is a state operated, cost-sharing, multiple employer public employee retirement system. OPERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees.

Contribution rates are prescribed by the Ohio Revised Code. The Library's OPERS members contributed 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries for 2003 and 2002. The Library has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Commercial property.
- General liability.
- Crime.
- Excess liability.
- Employers liability.
- Electronic data processing.
- Sign.

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**Auditor of State
Betty Montgomery**

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

Findlay-Hancock County Public Library
Hancock County
206 Broadway Street
Findlay, Ohio 45840-3329

To the Board of Trustees:

We have audited the accompanying financial statements of the Findlay-Hancock County Public Library, Hancock County, (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 2, 2004. 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

Findlay-Hancock County Public Library
Hancock County
Independent Accountants' Report on Compliance and on Internal
Control Required by *Government Auditing Standards*
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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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 2, 2004



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140
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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 29, 2004**