



**HARBOR TOPKY PUBLIC LIBRARY
ASHTABULA COUNTY**

REGULAR

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Harbor Topky Public Library
Ashtabula County
1633 Walnut Blvd.
Ashtabula, Ohio 44004

To the Board of Library Trustees:

We have audited the accompanying financial statements of the Harbor Topky Public Library, Ashtabula 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 audit.

We conducted our audit 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 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, 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 12, 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 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, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 12, 2000

**HARBOR TOPKY MEMORIAL LIBRARY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:					
Property and Other Local Taxes	\$112,146				\$112,146
Other Government Grants-In-Aid	404,530				404,530
Patron Fines and Fees	14,232				14,232
Earnings on Investments	5,013	633	24,024	3,078	32,748
Services Provided to Other Entities	15,000				15,000
Contributions, Gifts and Donations				390	390
Miscellaneous Receipts	140				140
Total Cash Receipts	551,061	633	24,024	3,468	579,186
Cash Disbursements:					
Current:					
Salaries and Benefits	213,653				213,653
Purchased and Contracted Services	83,629		19,079		102,708
Other Objects	70,894			1,817	72,711
Debt Service:					
Redemption of Principal		16,138			16,138
Interest Payments and Other Financing Fees and Costs		40,171			40,171
Capital Outlay	3,046		51,463	1,915	56,424
Total Cash Disbursements	371,222	56,309	70,542	3,732	501,805
Total Cash Receipts Over/(Under) Cash Disbursements	179,839	(55,676)	(46,518)	(264)	77,381
Other Financing Receipts/(Disbursements):					
Proceeds of Notes			1,275,000		1,275,000
Transfers-In		75,040	55,000		130,040
Transfers-Out	(130,040)				(130,040)
Other Financing Uses	(3,892)				(3,892)
Total Other Financing Receipts/(Disbursements)	(133,932)	75,040	1,330,000		1,271,108
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	45,907	19,364	1,283,482	(264)	1,348,489
Fund Cash Balances, January 1	39,223	0	169,861	55,391	264,475
Fund Cash Balances, December 31	\$85,130	\$19,364	\$1,453,343	\$55,127	\$1,612,964
Reserves for Encumbrances, December 31	\$6,900				\$6,900

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

**HARBOR TOPKY PUBLIC LIBRARY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Other Government Grants-In-Aid	\$367,588			\$367,588
Patron Fines and Fees	16,806			16,806
Earnings on Investments	3,607	4,543	2,107	10,257
Services Provided to Other Entities	22,500			22,500
Contributions, Gifts and Donations	505	1,415	133	2,053
Miscellaneous Receipts	2,274			2,274
Total Cash Receipts	<u>413,280</u>	<u>5,958</u>	<u>2,240</u>	<u>421,478</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	198,404			198,404
Purchased and Contracted Services	50,896	2,448		53,344
Other Objects	74,228		2,069	76,297
Capital Outlay	3,881	9,822	446	14,149
Total Cash Disbursements	<u>327,409</u>	<u>12,270</u>	<u>2,515</u>	<u>342,194</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>85,871</u>	<u>(6,312)</u>	<u>(275)</u>	<u>79,284</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		105,000		105,000
Transfers-Out	(105,000)			(105,000)
Total Other Financing Receipts/(Disbursements)	<u>(105,000)</u>	<u>105,000</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(19,129)</u>	<u>98,688</u>	<u>(275)</u>	<u>79,284</u>
Fund Cash Balances, January 1	<u>58,352</u>	<u>71,173</u>	<u>55,666</u>	<u>185,191</u>
Fund Cash Balances, December 31	<u>\$39,223</u>	<u>\$169,861</u>	<u>\$55,391</u>	<u>\$264,475</u>

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

**HARBOR TOPKY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Harbor Topky Public Library, Ashtabula 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 each other. 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 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. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness: The Library issued notes in the amount of \$1,275,000 for the purpose of renovating the library.

3. 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 funds:

Building & Repair Fund - to finance renovations to the library.

**HARBOR TOPKY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Fiduciary Funds (Trust Funds)

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 funds:

Topky Trust Fund - to be used as needed for materials, supplies, books, etc..

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 object 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.

**HARBOR TOPKY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$27,306	\$86,500
Certificates of deposit	795,716	65,000
Total deposits	<u>823,022</u>	<u>151,500</u>
Investments:		
STAR Ohio	789,942	112,975
Total deposits and investments	<u>\$1,612,964</u>	<u>\$264,475</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or(2) collateralized by securities specifically pledged by the financial institution to the Library.

Investments: Investments in STAR Ohio and 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, 1999 and 1998 was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$420,031	\$551,061	\$131,030
Debt Service	75,040	75,673	633
Capital Projects	1,298,000	1,354,024	56,024
Fiduciary	3,950	3,468	(482)
Total	<u>\$1,797,021</u>	<u>\$1,984,226</u>	<u>\$187,205</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$512,613	\$512,054	\$559
Debt Service	75,040	56,309	18,731
Capital Projects	115,000	70,542	44,458
Fiduciary	8,365	3,732	4,633
Total	<u>\$711,018</u>	<u>\$642,637</u>	<u>\$68,381</u>

**HARBOR TOPKY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$376,400	\$413,280	\$36,880
Capital Projects	50,000	110,958	60,958
Fiduciary	6,000	2,240	(3,760)
Total	\$432,400	\$526,478	\$94,078

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$399,755	\$432,409	(\$32,654)
Capital Projects	25,000	12,270	12,730
Fiduciary	21,969	2,515	19,454
Total	\$453,634	\$447,194	\$6,440

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.

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.

**HARBOR TOPKY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$1,258,862	6%

Notes were issued from Andover Bank for the purpose of renovating and enlarging the library building. The loan is a special obligation of the Library and will be paid through the receipts of the Library and Local Government Fund.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Notes
2000	\$56,309
2001	56,309
2002	56,309
2003	56,309
2004	56,309
Subsequent	1,914,506
Total	\$2,196,051

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

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**

Harbor Topky Public Library
Ashtabula County
1633 Walnut Blvd.
Ashtabula, Ohio 44004

To the Board of Trustees:

We have audited the accompanying financial statements of the Harbor Topky Public Library, Ashtabula County, Ohio (the Library), as of December 31, 1999 and 1998, and for the years ended, and have issued, our report thereon dated June 12, 2000. We conducted our audit 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 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 June 12, 2000.

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 one matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated June 12, 2000.

This report is intended for the information and use of the management, and Board of Library 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", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

June 12, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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HARBOR TOPKY PUBLIC LIBRARY

ASHTABULA 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 6, 2000**