



**HUBBARD PUBLIC LIBRARY
TRUMBULL COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Hubbard Public Library
Trumbull County
436 W. Liberty Street
Hubbard, Ohio 44425

To the Board of Trustees:

We have audited the accompanying financial statements of the Hubbard Public Library, Trumbull 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 May 17, 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

May 17, 2000

**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**

	<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	\$885,896			\$885,896
Patron Fines and Fees	17,685			17,685
Earnings on Investments	13,530			13,530
Contributions, Gifts and Donations	2,691			2,691
Miscellaneous Receipts	3,835			3,835
	<hr/>			<hr/>
Total Cash Receipts	923,637			923,637
Cash Disbursements:				
Current:				
Salaries and Benefits	488,525			488,525
Supplies	19,950		19	19,969
Purchased and Contracted Services	84,630			84,630
Library Materials and Information	149,863			149,863
Other Objects	2,093			2,093
Capital Outlay	78,437			78,437
	<hr/>			<hr/>
Total Cash Disbursements	823,498		19	823,517
	<hr/>			<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	100,139		(19)	100,120
Other Financing Receipts/(Disbursements):				
Transfers-In		18,538		18,538
Transfers-Out	(18,538)			(18,538)
	<hr/>			<hr/>
Total Other Financing Receipts/(Disbursements)	(18,538)	18,538		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements				
	81,601	18,538	(19)	100,120
	<hr/>			<hr/>
Fund Cash Balances, January 1	102,646	186,175	1,082	289,903
	<hr/>			<hr/>
Fund Cash Balances, December 31	\$184,247	\$204,713	\$1,063	\$390,023
	<hr/>			<hr/>
Reserves for Encumbrances, December 31	\$51,180			\$51,180
	<hr/>			<hr/>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Contributions, Gifts and Donations	\$100
Earnings on Investments	38
Total Operating Cash Receipts	138
Operating Cash Disbursements:	
Current:	
Library Materials and Information	93
Total Operating Cash Disbursements	93
Operating Income/(Loss)	45
Net Receipts Over/(Under) Disbursements	45
Fund Cash Balances, January 1	1,588
Fund Cash Balances, December 31	\$1,633
Reserves for Encumbrances, December 31	\$250

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

**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>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Other Government Grants-In-Aid	\$815,389	\$18,503			833,892
Patron Fines and Fees	18,608				18,608
Earnings on Investments	9,679				9,679
Contributions, Gifts and Donations	6,284				6,284
Miscellaneous Receipts	2,308				2,308
Total Cash Receipts	<u>852,268</u>	<u>18,503</u>			<u>870,771</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	420,657	9,041			429,698
Supplies	18,854			262	19,116
Purchased and Contracted Services	75,129	8,683			83,812
Library Materials and Information	141,863				141,863
Other Objects	1,802				1,802
Capital Outlay	91,064	652		4,212	95,928
Total Cash Disbursements	<u>749,369</u>	<u>18,376</u>		<u>4,474</u>	<u>772,219</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>102,899</u>	<u>127</u>		<u>(4,474)</u>	<u>98,552</u>
Other Financing Receipts/(Disbursements):					
Transfers-In			67,622		67,622
Advances-In	8,847	7,847			16,694
Transfers-Out	(67,622)				(67,622)
Advances-Out	(7,847)	(8,847)			(16,694)
Total Other Financing Receipts/(Disbursements)	<u>(66,622)</u>	<u>(1,000)</u>	<u>67,622</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>36,277</u>	<u>(873)</u>	<u>67,622</u>	<u>(4,474)</u>	<u>98,552</u>
Fund Cash Balances, January 1	<u>66,369</u>	<u>873</u>	<u>118,553</u>	<u>5,556</u>	<u>191,351</u>
Fund Cash Balances, December 31	<u>\$102,646</u>		<u>\$186,175</u>	<u>\$1,082</u>	<u>\$289,903</u>
Reserves for Encumbrances, December 31	<u>\$86,568</u>			<u>\$19</u>	<u>\$86,587</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Contributions, Gifts and Donations	\$75
Earnings on Investments	46
Total Operating Cash Receipts	121
Operating Cash Disbursements:	
Library Materials and Information	61
Total Operating Cash Disbursements	61
Operating Income/(Loss)	60
Net Receipts Over/(Under) Disbursements	60
Fund Cash Balances, January 1	1,528
Fund Cash Balances, December 31	\$1,588
Reserves for Encumbrances, December 31	\$250

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Hubbard Public Library, Trumbull 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 Hubbard Exempted Village School Board. 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. Except gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Funds:

LSCA Grants - Federal monies used for the installation of a CD ROM, a Web site server and for the related salaries and benefits expenses for employees.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 one capital project fund which did not have any activity during our audit period.

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:

Gift Trust Fund - This fund is an expendable trust. Monetary donations from patrons are used for memorial books in honor or memory of individuals of their choice.

Dr. Powers Trust - This fund is an expendable trust fund that was a memorial gift from the Pauline Powers estate. Monies are set aside for the renovation of the library.

Childrens Trust - This fund is an expendable trust fund that receives gifts from patrons. Monies are to be used for childrens room purchases.

Dr. Schneider Trust - This fund is a non-expendable trust in memory of Dr. Schneider. Interest is used to purchase books for Dr. Schneider's memorial section of the Library.

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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$187,720	\$164,960
Certificates of deposit	1,000	1,000
Total deposits	188,720	165,960
STAR Ohio	202,936	125,531
Total investments	202,936	125,531
Total deposits and investments	\$391,656	\$291,491

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

Investments: Dr. Schneider donated a certificate of deposit in the amount of \$1,000. This donation is a non-expendable trust in which only the interest can be expensed and the principal is rolled over monthly. 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	\$922,233	\$923,637	\$1,404
Capital Projects	0	18,538	18,538
Fiduciary	138	138	0
Total	\$922,371	\$942,313	\$19,942

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,024,879	\$893,216	\$131,663
Fiduciary	569	362	207
Total	\$1,025,448	\$893,578	\$131,870

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$860,728	\$852,268	(\$8,460)
Special Revenue	24,811	18,503	(6,308)
Capital Projects	0	67,622	67,622
Fiduciary	121	121	0
Total	\$885,660	\$938,514	\$52,854

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$919,791	\$903,559	\$16,232
Special Revenue	27,223	18,376	8,847
Fiduciary	4,819	4,804	15
Total	\$951,833	\$926,739	\$25,094

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. 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 "picks up" the required member contribution which is 8.5% of their gross salaries in addition to contributing an employer share amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 1999.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- 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***

Hubbard Public Library
Trumbull County
436 W. Liberty Street
Hubbard, Ohio 44425

To the Board of Trustees:

We have audited the accompanying financial statements of the Hubbard Public Library, Trumbull County, Ohio (the Library), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 17, 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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.

This report is intended for the information and use of the 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, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

May 17, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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HUBBARD PUBLIC LIBRARY

TRUMBULL 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 20, 2000**