



**HURT/BATTELLE MEMORIAL LIBRARY
MADISON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

HURT/BATTELLE MEMORIAL LIBRARY
MADISON COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Hurt / Battelle Memorial Library
Madison County
270 Lilly Chapel Road
West Jefferson, Ohio 43162

To the Board of Trustees:

We have audited the accompanying financial statements of the Hurt/Battelle Memorial Library, Madison County, Ohio, "the Library" as of and for the years ended December 31, 2000 and December 31, 1999. 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, 2000 and December 31, 1999, 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 March 13, 2001 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 audit.

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.

JIM PETRO
Auditor of State

March 13, 2001

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**HURT/BATTELLE MEMORIAL LIBRARY
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$396,217	\$0	\$0	\$396,217
Patron Fines and Fees	7,770	0	0	7,770
Earnings on Investments	62,875	0	0	62,875
Contributions, Gifts and Donations	30,064	0	0	30,064
Miscellaneous Receipts	370	0	0	370
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	497,296	0	0	497,296
Cash Disbursements:				
Current:				
Salaries and Benefits	161,550	0	0	161,550
Supplies	13,634	0	0	13,634
Purchased and Contracted Services	131,642	0	0	131,642
Materials and Information	65,708	0	0	65,708
Other Objects	1,234	0	0	1,234
Debt Service:				
Interest Payments and Other Financing Fees and Costs	0	31,330	0	31,330
Capital Outlay	612,089	0	0	612,089
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	985,857	31,330	0	1,017,187
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(488,561)	(31,330)	0	(519,891)
Other Financing Receipts/(Disbursements):				
Proceeds of Notes	999,000	0	0	999,000
Transfers-In	0	98,000	0	98,000
Transfers-Out	(98,000)	0	0	(98,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	901,000	98,000	0	999,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	412,439	66,670	0	479,109
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	331,587	0	32,352	363,939
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$744,026	\$66,670	\$32,352	\$843,048
Reserve for Encumbrances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$112,610</u>	<u>\$0</u>	<u>\$0</u>	<u>\$112,610</u>

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

**HURT/BATTELLE MEMORIAL LIBRARY
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<u>Fiduciary</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Capital</u> <u>Project</u>	<u>Expendable</u> <u>Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$367,582	\$0	\$0	\$367,582
Patron Fines and Fees	8,496	0	0	8,496
Earnings on Investments	11,928	0	0	11,928
Contributions, Gifts and Donations	28,303	0	0	28,303
Miscellaneous Receipts	1,265	0	0	1,265
Total Cash Receipts	417,574	0	0	417,574
Cash Disbursements:				
Current:				
Salaries and Benefits	152,485	0	0	152,485
Supplies	10,936	0	0	10,936
Purchased and Contracted Services	53,708	0	0	53,708
Library materials and Information	67,766	0	0	67,766
Other Objects	847	0	0	847
Capital Outlay	7,268	0	0	7,268
Total Cash Disbursements	293,010	0	0	293,010
Total Cash Receipts Over/(Under) Cash Disbursements	124,564	0	0	124,564
Fund Cash Balances, January 1	152,849	54,174	32,352	239,375
Residual Equity Transfer in	54,174	0	0	54,174
Residual Equity Transfer out	0	(54,174)	0	(54,174)
Fund Cash Balances, December 31	\$331,587	\$0	\$32,352	\$363,939
Reserve for Encumbrances, December 31	\$2,374	\$0	\$0	\$2,374

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

**HURT/BATTELLE MEMORIAL LIBRARY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Hurt/Battelle Memorial Library, Madison County, Ohio, (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 an appointed seven-member Board of Trustees. 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.

Fannie Mae's invested in throughout the year were 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 Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness.

**HURT/BATTELLE MEMORIAL LIBRARY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 non-expendable trust fund. Other trust funds are classified as expendable. Funds for which the Library is acting in an agency capacity are classified as agency funds.

E. Budgetary Process

Substitute House Bill 262 states a taxing unit that does not levy a tax is not a taxing unit for purposes of Chapter 5705 of the Ohio Rev. Code. Documents prepared in accordance with such sections are not required to be filed with the County Auditor or County Budget Commission. The Library Board adopts annual appropriations, limited by estimated resources. Expenditures are limited by appropriations.

A summary of 2000 and 1999 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:

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$119,218</u>	<u>\$23,669</u>
Total deposits	<u>119,218</u>	<u>23,669</u>
STAR Ohio	<u>723,830</u>	<u>340,270</u>
Total investments	<u>723,830</u>	<u>340,270</u>
Total deposits and investments	<u><u>\$843,048</u></u>	<u><u>\$363,939</u></u>

**HURT/BATTELLE MEMORIAL LIBRARY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

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 ended December, 31 2000 and December, 31 1999 are noted below. In both years, the Library budgeted for estimated receipts in the General fund. In 2000, budgeted receipts were 382,577 and actual receipts were 1,496,296. In 1999, budgeted receipts were 359,213 and actual receipts were 417,574

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,609,687	\$1,196,467	\$413,220
Debt Service	66,670	31,330	35,340
Expendable Trust	32,352	0	32,352
Total	<u>\$1,708,709</u>	<u>\$1,227,797</u>	<u>\$480,912</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$561,237	\$295,384	\$265,853
Expendable Trust	32,352	0	32,352
Total	<u>\$593,589</u>	<u>\$295,384</u>	<u>\$298,205</u>

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.

**HURT/BATTELLE MEMORIAL LIBRARY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT

The Library issued Library Facilities Notes in the amount of \$999,000 during 2000. These notes were issued to construct an expansion of the Library building and renovations to the entire library. The securities are backed by the Library from money received from the Local Library Government Support Fund which is funded through the State of Ohio. These notes are for the duration of 25 years with varying interest rates of 4.75%- 6.60%.

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Library Facilities Notes	\$999,000	4.75%- 6.60%
Total	\$999,000	

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

Year ending December 31:	Library Facilities Notes
2001	112,539
2002	112,126
2003	110,581
2004	108,996
Subsequent	1,549,150
Total	\$1,993,392

6. RESIDUAL EQUITY TRANSFER

The Library had a Capital Projects fund established, however, the Library did not utilize this fund to track construction. Since there has been no activity in the fund since 1997 the Capital Projects fund was closed out and the remaining balance was transferred to the General Fund in 1999.

7. 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 for 1999 and 10.84% for 2000. The Library has paid all contributions required through December 31, 2000.

**HURT/BATTELLE MEMORIAL LIBRARY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

8. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions
- Vehicle

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

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Hurt/Battelle Memorial Library
Madison County
270 Lilly Chapel Road
West Jefferson, Ohio 43162

To the Board of Trustees:

We have audited the accompanying financial statements of the Hurt/Battelle Memorial, Madison County, Ohio (the Library), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated March 13, 2001. 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. 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 March 13, 2001.

Hurt/Battelle Memorial Library
Madison County
Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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.

JIM PETRO
Auditor of State

March 13, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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HURT BATTELLE MEMORIAL LIBRARY

MADISON 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
MAY 1, 2001**