



**MENTOR PUBLIC LIBRARY
LAKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 & 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MENTOR PUBLIC LIBRARY
LAKE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Mentor Public Library
Lake County
8215 Mentor Avenue
Mentor, Ohio 44060

To the Board of Trustees:

We have audited the accompanying financial statements of the Mentor Public Library, Lake 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 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 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 described 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 Mentor Public Library, Lake County, Ohio, 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 May 3, 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 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.

Jim Petro
Auditor of State

May 3, 2001

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**MENTOR PUBLIC LIBRARY
LAKE COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Debt Service	Capital Projects	
Cash Receipts:				
Property and Other Local Taxes	\$2,117,834	\$0	\$0	\$2,117,834
Intergovernmental Revenue	911,921	0	0	911,921
Patron Fines and Fees	54,737	0	0	54,737
Earnings on Investments	29,465	0	6,792	36,257
Contributions, Gifts and Donations	13,188	0	5,439	18,627
Miscellaneous Receipts	8,849	0	0	8,849
Total Cash Receipts	3,135,994	0	12,231	3,148,225
Cash Disbursements:				
Current:				
Salaries and Benefits	1,797,793	0	0	1,797,793
Supplies	58,633	0	0	58,633
Purchased and Contracted Services	373,046	0	47,738	420,784
Library Materials and Information	609,341	0	0	609,341
Other Objects	6,648	0	0	6,648
Debt Service:				
Redemption of Principal	0	43,561	0	43,561
Interest Payments and Other Financing Fees and Costs	0	22,079	0	22,079
Capital Outlay	149,409	0	39,033	188,442
Total Cash Disbursements	2,994,870	65,640	86,771	3,147,281
Total Cash Receipts Over/(Under) Cash Disbursements	141,124	(65,640)	(74,540)	944
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property	1,803	0	0	1,803
Transfers-In	0	65,640	100,000	165,640
Transfers-Out	(165,640)	0	0	(165,640)
Total Other Financing Receipts/(Disbursements)	(163,837)	65,640	100,000	1,803
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(22,713)	0	25,460	2,747
Fund Cash Balances, January 1, 2000	363,455	0	136,785	500,240
Fund Cash Balances, December 31, 2000	\$340,742	\$0	\$162,245	\$502,987
Reserves for Encumbrances, December 31, 2000	\$84,947	\$0	\$31,698	\$116,645

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

**MENTOR PUBLIC LIBRARY
LAKE COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Debt Service	Capital Projects	
Cash Receipts:				
Property and Other Local Taxes	\$1,944,669	\$0	\$0	\$1,944,669
Intergovernmental Revenue	893,322	0	0	893,322
Patron Fines and Fees	57,451	0	0	57,451
Earnings on Investments	23,969	0	2,321	26,290
Contributions, Gifts and Donations	8,654	0	6,455	15,109
Miscellaneous Receipts	8,919	0	0	8,919
Total Cash Receipts	2,936,984	0	8,776	2,945,760
Cash Disbursements:				
Current:				
Salaries and Benefits	1,599,447	0	0	1,599,447
Supplies	52,682	0	0	52,682
Purchased and Contracted Services	386,340	0	3,994	390,334
Library Materials and Information	489,078	0	0	489,078
Other Objects	6,222	0	0	6,222
Debt Service:				
Redemption of Principal	0	41,205		41,205
Interest Payments and Other Financing Fees and Costs	0	24,435		24,435
Capital Outlay	137,097	0	23,469	160,566
Total Cash Disbursements	2,670,866	65,640	27,463	2,763,969
Total Cash Receipts Over/(Under) Cash Disbursements	266,118	(65,640)	(18,687)	181,791
Other Financing Receipts/(Disbursements):				
Transfers-In	0	65,640	75,757	141,397
Transfers-Out	(141,397)	0	0	(141,397)
Total Other Financing Receipts/(Disbursements)	(141,397)	65,640	75,757	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	124,721	0	57,070	181,791
Fund Cash Balances, January 1, 1999	238,734	0	79,715	318,449
Fund Cash Balances, December 31, 1999	\$363,455	\$0	\$136,785	\$500,240
Reserves for Encumbrances, December 31, 1999	\$119,330	\$0	\$3,000	\$122,330

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

**MENTOR PUBLIC LIBRARY
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Mentor Public Library, Lake 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 a seven-member Board of Trustees appointed by the Mentor Board of Education. 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.

Component units are legally separate organizations for which the Library is financially accountable. Component units may also include organizations that are fiscally dependent on the Library in that the Library approves their budget, the issuance of their debt or the levying of their taxes. The Library has no component units.

The following entity which performs activities within the Library's boundaries for the benefit of its residents is excluded from the accompanying financial statements because the Library is not financially accountable for this entity nor is it fiscally dependent on the Library.

Friends of the Mentor Public Library was organized to maintain an association of persons interested in libraries; to focus public attention on the Mentor Public Library; to stimulate the use of the library's resources and services; to receive and encourage gifts, endowments and bequests to the library; to support and cooperate with the library in developing library services and facilities for the community. The Library exercised no financial control over this organization. The Library received \$16,613 in financial contributions from the Friends organization during fiscal period January 1, 1999 through December 31, 2000. Total cash assets (unaudited) of the Friends of Mentor Public Library at December 31, 2000 amounted to \$3,723. The Friends Treasurer's Report (unaudited) can be obtained through Patricia Burhans, Treasurer.

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

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**MENTOR PUBLIC LIBRARY
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 note indebtedness.

In 1997 the Library issued a 10 year \$500,000 note, to build a new branch facility.

3. Capital Project Fund

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 Fund - This fund is used for the purpose of repairing, improving, furnishing and equipping the existing library facilities.

E. Budgetary Process

The Ohio Administrative Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) should not exceed appropriations at the fund, function level of control. The Board of Trustees and the Mentor Board of Education must annually approve appropriation measures and subsequent amendments. The Library sends a copy of the annual appropriation measure and subsequent amendments to the County Budget Commission. 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 2000 and 1999 budgetary activity appears in Note 3.

**MENTOR PUBLIC LIBRARY
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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>2000</u>	<u>1999</u>
Demand deposits	<u>\$36,381</u>	<u>\$24,698</u>
Total deposits	<u>36,381</u>	<u>24,698</u>
STAR Ohio	<u>466,606</u>	<u>475,542</u>
Total investments	<u>466,606</u>	<u>475,542</u>
Total deposits and investments	<u><u>\$502,987</u></u>	<u><u>\$500,240</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

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 ending December 31, 2000 and 1999 was as follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,137,796	\$3,137,797	\$1
Debt Service	65,640	65,640	0
Capital Projects	<u>112,231</u>	<u>112,231</u>	<u>0</u>
Total	<u><u>\$3,315,667</u></u>	<u><u>\$3,315,668</u></u>	<u><u>\$1</u></u>

**MENTOR PUBLIC LIBRARY
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,364,720	\$3,245,457	\$119,263
Debt Service	65,640	65,640	0
Capital Projects	164,710	118,469	46,241
Total	<u>\$3,595,070</u>	<u>\$3,429,566</u>	<u>\$165,504</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,826,676	\$2,936,984	\$110,308
Debt Service	65,640	65,640	0
Capital Projects	75,900	84,533	8,633
Total	<u>\$2,968,216</u>	<u>\$3,087,157</u>	<u>\$118,941</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,065,411	\$2,931,593	\$133,818
Debt Service	65,640	65,640	0
Capital Projects	44,037	30,463	13,574
Total	<u>\$3,175,088</u>	<u>\$3,027,696</u>	<u>\$147,392</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.

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.

**MENTOR PUBLIC LIBRARY
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)

Tangible personal property tax is assessed by the property owners, who must file a list of such property with 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. In addition, the County is responsible for distributing the State Library and Local Government Support Fund on behalf of the Library.

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Building Loan	\$366,847	5.6%

The Building loan relates to the construction of a branch library. The loan of \$500,000 for this project was issued in 1997. The loan is being repaid in quarterly installments over 10 years.

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

<u>Year Ending December 31</u>	<u>Debt Requirements</u>
2001	\$65,640
2002	65,640
2003	65,640
2004	65,640
2005	65,640
2006 -2007	114,870
Total	<u>\$443,070</u>

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

**MENTOR PUBLIC LIBRARY
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. 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, vision and dental insurance to full-time employees who work 30 or more hours per week through a private carrier. The Library's liability for health care is limited to the premiums paid.



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

Mentor Public Library
Lake County
8215 Mentor Avenue
Mentor, Ohio 44060

To the Board of Trustees:

We have audited the financial statements of the Mentor Public Library, Lake County, Ohio, (the Library) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 3, 2001. 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*.

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 May 3, 2001.

This report is intended for the information and use of the Audit 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.

Jim Petro
Auditor of State

May 3, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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MENTOR PUBLIC LIBRARY

LAKE 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 12, 2001**