



**AVON LAKE PUBLIC LIBRARY  
LORAIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**AVON LAKE PUBLIC LIBRARY  
LORAIN COUNTY**

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STATE OF OHIO  
OFFICE OF THE AUDITOR

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## REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees  
Avon Lake Public Library  
Lorain County  
32649 Electric Boulevard  
Avon Lake, Ohio 44012

We have audited the accompanying financial statements of the Avon Lake Public Library, Lorain County, Ohio, (the Library) as of and for the years ended December 31, 2001 and December 31, 2000. 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 audits 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 Avon Lake Public Library, Lorain County, Ohio, as of December 31, 2001 and December 31, 2000, 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 April 1, 2002 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

April 1, 2002

**AVON LAKE PUBLIC LIBRARY  
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<b>Total (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$940,734			\$940,734
Other Government Grants-In-Aid	933,025	\$10,400		943,425
Patron Fines and Fees	54,013			54,013
Earnings on Investments	23,300	465	\$15,564	39,329
Contributions, Gifts and Donations	1,853			1,853
Miscellaneous Receipts	12,352			12,352
<b>Total Cash Receipts</b>	<u>1,965,277</u>	<u>10,865</u>	<u>15,564</u>	<u>1,991,706</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	1,179,972			1,179,972
Supplies	43,227	14,301	24,970	82,498
Purchased and Contracted Services	351,204			351,204
Library Materials and Information	273,262			273,262
Other Objects	9,769			9,769
Capital Outlay	127,724		85,000	212,724
<b>Total Cash Disbursements</b>	<u>1,985,158</u>	<u>14,301</u>	<u>109,970</u>	<u>2,109,429</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(19,881)</u>	<u>(3,436)</u>	<u>(94,406)</u>	<u>(117,723)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In			200,000	200,000
Transfers-Out	(200,000)			(200,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(200,000)</u>	<u>0</u>	<u>200,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(219,881)	(3,436)	105,594	(117,723)
Fund Cash Balances, January 1	499,183	9,328	279,300	787,811
<b>Fund Cash Balances, December 31</b>	<u><b>\$279,302</b></u>	<u><b>\$5,892</b></u>	<u><b>\$384,894</b></u>	<u><b>\$670,088</b></u>
Reserves for Encumbrances, December 31	<u>\$140,904</u>	<u>\$0</u>	<u>\$151,209</u>	<u>\$292,113</u>

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

**AVON LAKE PUBLIC LIBRARY  
LORAIN COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Total (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$883,070			\$883,070
Other Government Grants-In-Aid	897,506			897,506
Patron Fines and Fees	41,938			41,938
Earnings on Investments	32,675	\$801	\$13,334	46,810
Contributions, Gifts and Donations	1,775			1,775
Miscellaneous Receipts	11,403			11,403
<b>Total Cash Receipts</b>	<u>1,868,367</u>	<u>801</u>	<u>13,334</u>	<u>1,882,502</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	1,054,298			1,054,298
Supplies	44,169	6,306		50,475
Purchased and Contracted Services	286,652			286,652
Library Materials and Information	240,462			240,462
Other Objects	10,047			10,047
Capital Outlay	109,179		5,540	114,719
<b>Total Cash Disbursements</b>	<u>1,744,807</u>	<u>6,306</u>	<u>5,540</u>	<u>1,756,653</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>123,560</u>	<u>(5,505)</u>	<u>7,794</u>	<u>125,849</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In			150,000	150,000
Transfers-Out	(150,000)			(150,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(150,000)</u>	<u>0</u>	<u>150,000</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(26,440)</u>	<u>(5,505)</u>	<u>157,794</u>	<u>125,849</u>
<b>Fund Cash Balances, January 1</b>	<u>525,623</u>	<u>14,833</u>	<u>121,506</u>	<u>661,962</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$499,183</b></u>	<u><b>\$9,328</b></u>	<u><b>\$279,300</b></u>	<u><b>\$787,811</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$194,183</b></u>	<u><b>\$77</b></u>	<u><b>\$0</b></u>	<u><b>\$194,260</b></u>

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



**AVON LAKE PUBLIC LIBRARY  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Avon Lake Library, Lorain 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 Avon Lake 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 entities which perform activities within the Library's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the Library is not financially accountable for these entities nor are they fiscally dependent on the Library.

Avon Lake Public Library Foundation

Avon Lake Public Library Foundation is a federal tax-exempt, not for profit corporation under section 501(a) of the Internal Revenue Code as and organization described in section 501 (c)(3). The Foundation was organized and operated exclusively for purposes of benefitting the Library. One member of the Library's Board of Trustees served on the seven-member appointed Foundation Board of Trustees. The Library exercises no financial control over this not for profit corporation. The Library received no financial contributions during 2001 and 2000 from the Foundation. Total assets (unaudited) of the Avon Lake Public Library Foundation at December 31, 2001 amounted to \$57,158. The Foundation's Financial Activity Report (unaudited) can be obtained through Robert MacDonald, Treasurer of the Board of the Foundation.

Friends of Avon Lake Library

Friends of Avon Lake Public Library is a federal tax-exempt, not for profit organization under Section 501(c)(3) of the Internal Revenue Code. The Friends organization was developed through community members who support the Library through fund-raising activities and the operation of a small retail shop located within the Library. The Library exercised no financial control over this not for profit organization. The Library received no financial contributions in 2001 or 2000 from the Friends organization. Total cash assets (unaudited) of the Friends of Avon Lake Public Library at December 31, 2001 amounted to \$9,014. The Friends Treasurer's Report (unaudited) can be obtained through Silvia Drake, 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).

**AVON LAKE PUBLIC LIBRARY  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Accounting (Continued)**

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are included in fund cash balances. 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. 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 Fund**

This fund is 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 Fund:

Grant Fund - used for tracking federal, state and local grants.

**3. Capital Projects Fund**

This fund is 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 Projects Fund:

Construction (Building) Fund - used for the purposes of expanding, renovating, improving, furnishing and equipping the existing Library and improving its site.

**E. Budgetary Process**

The Ohio Administrative Code requires budgeting for each fund annually.

**AVON LAKE PUBLIC LIBRARY  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**1. Appropriations**

The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances in 2000 and disbursements in 2001) may not exceed appropriations at the fund, function, and object level of control.

**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.

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are not required to estimate resources or encumber appropriations.

A summary of 2001 and 2000 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. 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.

**H. Total Columns**

Total columns on the financial statements are captioned "(Memorandum Only)" to indicate that they are presented to facilitate financial analysis. Such data is not comparable to a consolidation.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Library maintains a cash and investment 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:

**AVON LAKE PUBLIC LIBRARY  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

	2001	2000
Demand deposits	\$815	\$655
Petty cash and change funds	315	315
Certificates of deposit	157,501	53,484
Total deposits	158,631	54,454
STAR Ohio	511,457	733,357
Total investments	511,457	733,357
Total deposits and investments	\$670,088	\$787,811

**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 ended December 31, 2001 and December 31, 2000 was as follows:

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,326,062	\$2,185,158	\$140,904
Special Revenue	19,741	14,301	5,440
Capital Projects	266,520	109,970	156,550
Total	\$2,612,323	\$2,309,429	\$302,894

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,887,053	\$1,868,367	(\$18,686)
Special Revenue	700	801	101
Capital Projects	157,300	163,334	6,034
Total	\$2,045,053	\$2,032,502	(\$12,551)

**AVON LAKE PUBLIC LIBRARY  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,188,989	\$2,088,990	\$99,999
Special Revenue	14,275	6,383	7,892
Capital Projects	175,540	5,540	170,000
Total	\$2,378,804	\$2,100,913	\$277,891

**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 based on any additional revenues the Library receives. These revenues are reflected in the accompanying financial statements as Other Government Grants-In-Aid.

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 Government 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 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.

**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. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Library has paid all contributions required through December 31, 2001.

**AVON LAKE PUBLIC LIBRARY  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Inland Marine; and
- Errors and omissions.



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

Board of Trustees  
Avon Lake Public Library  
Lorain County  
32649 Electric Boulevard  
Avon Lake, Ohio 44012

We have audited the accompanying financial statements of the Avon Lake Public Library, Lorain County, Ohio, (the Library) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated April 1, 2002. 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. However, we noted an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated April 1, 2002.

**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 a 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 April 1, 2002.

Avon Lake Public Library  
Lorain County  
Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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.

**Jim Petro**  
Auditor of State

April 1, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

**AVON LAKE PUBLIC LIBRARY**

**LORAIN 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 9, 2002**