



**AVON LAKE PUBLIC LIBRARY
LORAIN 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

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, 1999 and December 31, 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 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 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 December 31, 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 February 22, 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 audit committee, management, and the 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.

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Jim Petro
Auditor of State

February 22, 2000

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$863,893			\$863,893
Other Government Grants-In-Aid	824,797	\$3,000		827,797
Patron Fines and Fees	58,407			58,407
Earnings on Investments	35,345	557	\$5,179	41,081
Contributions, Gifts and Donations	1,043			1,043
Miscellaneous Receipts	19,787			19,787
	<u>1,803,272</u>	<u>3,557</u>	<u>5,179</u>	<u>1,812,008</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries and Benefits	975,517			975,517
Purchased and Contracted Services	328,307			328,307
Library Materials and Information	210,462			210,462
Other Objects	8,800			8,800
Capital Outlay	215,585	2,715	84,688	302,988
	<u>1,738,671</u>	<u>2,715</u>	<u>84,688</u>	<u>1,826,074</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>64,601</u>	<u>842</u>	<u>(79,509)</u>	<u>(14,066)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			100,000	100,000
Transfers-Out	(100,000)			(100,000)
	<u>(100,000)</u>	<u>0</u>	<u>100,000</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(35,399)	842	20,491	(14,066)
Fund Cash Balances, January 1	<u>561,022</u>	<u>13,990</u>	<u>101,015</u>	<u>676,027</u>
Fund Cash Balances, December 31	<u>\$525,623</u>	<u>\$14,832</u>	<u>\$121,506</u>	<u>\$661,961</u>
Reserves for Encumbrances, December 31	<u>\$182,564</u>	<u>\$525</u>	<u>\$5,540</u>	<u>\$188,629</u>

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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$845,802		\$0	\$845,802
Other Government Grants-In-Aid	731,050	\$10,750		741,800
Patron Fines and Fees	65,333			65,333
Earnings on Investments	30,924			30,924
Contributions, Gifts and Donations	3,075	2,000		5,075
Miscellaneous Receipts	12,551			12,551
	<u>1,688,735</u>	<u>12,750</u>	<u>0</u>	<u>1,701,485</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries and Benefits	802,401			802,401
Purchased and Contracted Services	302,931	29,983		332,914
Library Materials and Information	204,124			204,124
Other Objects	7,491			7,491
Capital Outlay	101,493		6,342	107,835
	<u>1,418,440</u>	<u>29,983</u>	<u>6,342</u>	<u>1,454,765</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>270,295</u>	<u>(17,233)</u>	<u>(6,342)</u>	<u>246,720</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			50,000	50,000
Transfers-Out	(50,000)			(50,000)
	<u>(50,000)</u>	<u>0</u>	<u>50,000</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	220,295	(17,233)	43,658	246,720
Fund Cash Balances, January 1	<u>340,727</u>	<u>31,223</u>	<u>57,357</u>	<u>429,307</u>
Fund Cash Balances, December 31	<u>\$561,022</u>	<u>\$13,990</u>	<u>\$101,015</u>	<u>\$676,027</u>
Reserves for Encumbrances, December 31	<u>\$97,148</u>	<u>\$475</u>	<u>\$1,831</u>	<u>\$99,454</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Avon Lake Library, Lorain 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 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 an organization described in section 501(c)(3). The Foundation was organized and operated exclusively for purposes of benefitting the Library. Three members of the Library's Board of Trustees serve on the seven-member appointed Foundation Board of Trustees. The Library exercises no financial control over this not for profit corporation. The Library received \$1,500 in financial contributions from the Foundation during the fiscal period January 1, 1998 through December 31, 1999. Total cash assets (unaudited) of the Avon Lake Public Library Foundation at December 31, 1999 amounted to \$47,496. The Foundation's Financial Activity Report (unaudited) can be obtained through Robert McDonald, President of the Board of the Foundation, at 829 Quail Hollow Circle, Avon Lake 44012.

Friend's of Avon Lake Public Library

Friend's 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 Friend's 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 1999 or 1998 from the Friend's organization. Total cash assets (unaudited) of the Friend's of Avon Lake Public Library at December 31, 1999 amounted to \$5,986. The Friend's Treasurer's Report (unaudited) can be obtained through Marlene Edelstein, Treasurer, at 32649 Electric Blvd., Avon Lake 44012.

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).

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

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:

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.

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.

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 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 that each fund be budgeted annually.

Appropriations

The Board of Trustees must annually approve appropriation measures and subsequent amendments for each fund. The Library sends a copy of the appropriation measure and subsequent amendments to the County Budget Commission. Unencumbered appropriations lapse at year end.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

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 in the subsequent year.

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.

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	\$520	\$223
Petty cash and change fund	315	285
Certificates of deposit	<u>51,700</u>	<u>50,000</u>
Total deposits	<u>52,535</u>	<u>50,508</u>
STAR Ohio	<u>609,426</u>	<u>625,519</u>
Total investments	<u>609,426</u>	<u>625,519</u>
Total deposits and investments	<u><u>\$661,961</u></u>	<u><u>\$676,027</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.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,742,386	\$1,803,272	\$60,886
Special Revenue	3,000	3,557	557
Capital Projects	100,000	105,179	5,179
Total	<u>\$1,845,386</u>	<u>\$1,912,008</u>	<u>\$66,622</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,921,235	\$2,021,235	(\$100,000)
Special Revenue	13,990	3,240	10,750
Capital Projects	106,831	90,228	16,603
Total	<u>\$2,042,056</u>	<u>\$2,114,703</u>	<u>(\$72,647)</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,592,840	\$1,688,735	\$95,895
Special Revenue	12,750	12,750	0
Capital Projects	3,500	50,000	46,500
Total	<u>\$1,609,090</u>	<u>\$1,751,485</u>	<u>\$142,395</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,515,588	\$1,565,588	(\$50,000)
Special Revenue	43,973	30,458	13,515
Capital Projects	20,000	8,173	11,827
Total	<u>\$1,579,561</u>	<u>\$1,604,219</u>	<u>(\$24,658)</u>

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

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. 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 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.

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'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.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

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

The Library also provides health insurance and dental and vision coverage to full-time employees 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

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

We have audited the financial statements of the Avon Lake Public Library, Lorain County, Ohio (the Library), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated February 22, 2000. 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 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 February 22, 2000.

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.

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

February 22, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
MARCH 28, 2000**