



**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2003 & 2002



**Auditor of State
Betty Montgomery**

ELYRIA PUBLIC LIBRARY
LORAIN COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Board of Trustees
Elyria Public Library
Lorain County
320 Washington Avenue
Elyria, Ohio 44035

We have audited the accompanying financial statements of the Elyria Public Library, Lorain County, Ohio, (the Library) as of and for the years ended December 31, 2003 and December 31, 2002. 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 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 of the Elyria Public Library, Lorain County, Ohio, as of December 31, 2003 and December 31, 2002, 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 17, 2004 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 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 17, 2004

**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

**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, 2003**

	<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	\$2,558,437	\$0	\$0	\$2,558,437
Patron Fines and Fees	131,534			131,534
Earnings on Investments	41,657			41,657
Contributions, Gifts and Donations	15,386		1,000	16,386
Miscellaneous Receipts	5,507			5,507
	<u>2,752,521</u>	<u>0</u>	<u>1,000</u>	<u>2,753,521</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	2,010,628		16,088	2,026,716
Purchased and Contracted Services	437,072	64,773	2,733	504,578
Supplies	72,898		351	73,249
Library Materials & Information	399,274		785	400,059
Other Objects	31,611		125	31,736
Capital Outlay	110,900	180,375	129	291,404
	<u>3,062,383</u>	<u>245,148</u>	<u>20,211</u>	<u>3,327,742</u>
Total Cash Disbursements	<u>3,062,383</u>	<u>245,148</u>	<u>20,211</u>	<u>3,327,742</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(309,862)</u>	<u>(245,148)</u>	<u>(19,211)</u>	<u>(574,221)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	385		15,000	15,385
Transfers-Out	(15,000)			(15,000)
	<u>(14,615)</u>	<u>0</u>	<u>15,000</u>	<u>385</u>
Total Other Financing Receipts/(Disbursements)	<u>(14,615)</u>	<u>0</u>	<u>15,000</u>	<u>385</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(324,477)	(245,148)	(4,211)	(573,836)
Fund Cash Balances, January 1	<u>1,304,987</u>	<u>2,231,254</u>	<u>37,561</u>	<u>3,573,802</u>
Fund Cash Balances, December 31	<u><u>\$980,510</u></u>	<u><u>\$1,986,106</u></u>	<u><u>\$33,350</u></u>	<u><u>\$2,999,966</u></u>

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

**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Operating Cash Receipts:			
Earnings on Investments	\$0	\$6,596	\$6,596
Patron Fees and Fines		1,721	1,721
Services Provided to Other Entities			0
	<u>0</u>	<u>8,317</u>	<u>8,317</u>
Operating Cash Disbursements:			
Current:			0
Salaries and Benefits			0
Purchased and Contracted Services			0
Other Objects			0
Capital Outlay		5,000	5,000
	<u>0</u>	<u>5,000</u>	<u>5,000</u>
Operating Income	<u>0</u>	<u>3,317</u>	<u>3,317</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	0	3,317	3,317
Transfers-In			0
Transfers-Out	(385)		(385)
Net Receipts Over/(Under) Disbursements	(385)	3,317	2,932
Fund Cash Balances, January 1	1,385	217,302	218,687
Fund Cash Balances, December 31	<u>\$1,000</u>	<u>\$220,619</u>	<u>\$221,619</u>

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

**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

**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, 2002**

	<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	\$2,589,365	\$0	\$0	\$2,589,365
Patron Fines and Fees	145,817			145,817
Earnings on Investments	82,918	17,758		100,676
Contributions, Gifts and Donations	26,787		15,844	42,631
Miscellaneous Receipts	17,618			17,618
	<u>2,862,505</u>	<u>17,758</u>	<u>15,844</u>	<u>2,896,107</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	1,741,851		15,499	1,757,350
Purchased and Contracted Services	425,053	42,616		467,669
Supplies	61,692		1,781	63,473
Library Materials & Information	456,885		3,413	460,298
Other Objects	18,569		876	19,445
Capital Outlay	82,579	9,240	7,189	99,008
	<u>2,786,629</u>	<u>51,856</u>	<u>28,758</u>	<u>2,867,243</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>75,876</u>	<u>(34,098)</u>	<u>(12,914)</u>	<u>28,864</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property		1,246,000		1,246,000
Transfers-In		440,055	25,000	465,055
Transfers-Out	(325,000)			(325,000)
	<u>(325,000)</u>	<u>1,686,055</u>	<u>25,000</u>	<u>1,386,055</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(249,124)	1,651,957	12,086	1,414,919
Fund Cash Balances, January 1	<u>1,554,111</u>	<u>579,297</u>	<u>25,475</u>	<u>2,158,883</u>
Fund Cash Balances, December 31	<u>\$1,304,987</u>	<u>\$2,231,254</u>	<u>\$37,561</u>	<u>\$3,573,802</u>

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

**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Operating Cash Receipts:			
Earnings on Investments	\$0	\$1,674	\$1,674
Contributions, Gifts, Donations		10,412	\$10,412
Services Provided to Other Entities	64,736		64,736
Total Operating Cash Receipts	64,736	12,086	76,822
Operating Cash Disbursements:			
Current:			0
Salaries and Benefits			0
Purchased and Contracted Services	14,899		14,899
Supplies	1,087		1,087
Other Objects	43,694		43,694
Capital Outlay			0
Total Operating Cash Disbursements	59,680	0	59,680
Operating Income/(Loss)	5,056	12,086	17,142
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	5,056	12,086	17,142
Transfers-In			0
Transfers-Out	(140,055)		(140,055)
Net Receipts Over/(Under) Disbursements	(134,999)	12,086	(122,913)
Fund Cash Balances, January 1	136,384	205,216	341,600
Fund Cash Balances, December 31	\$1,385	\$217,302	\$218,687

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

**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Elyria Public 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 Ohio. The Library is directed by a ten-member Board of Trustees appointed by (Board or Entity). The Library provides the community with various educational and literary resources.

Component units are legally separate organizations for which the Library is financially accountable. Component units may also include organizations that provide significant ongoing financial support to the Library. The Library has no component units.

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 an expenditure is made.

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.

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.

**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Capital Project 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 project fund:

Building Repair and Branch Operations Fund – used for the purpose of expanding, renovating, improving, furnishing and equipping the existing Library and improving its site.

3. Enterprise Fund

This fund accounts for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Library had the following significant enterprise fund:

Enterprise Fund – used to account for the lease revenues and any expenses which relate to the upkeep and maintenance of the building and parking areas.

4. Fiduciary Funds (Trusts)

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:

Expendable Trust Fund

Project Read Fund – an Expendable Trust Fund used for the purchase of materials used in conjunction with the Library's adult tutoring program.

Nonexpendable Trust Funds

Endowment Fund – a Nonexpendable Fund used for the purchase of library materials or as indicated by the directions of the donors.

Smith Bookmobile Fund – a Nonexpendable Trust Fund used to account for the interest earnings on the corpus of the trust. Use of the earnings is at the discretion of the Board of Trustees.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end and may not exceed appropriations at the fund level of control.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(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. 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 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:

	2003	2002
Demand deposits	\$2,780,723	\$3,480,968
Total deposits	2,780,723	3,480,968
 STAR Ohio	 440,862	 311,521
 Total deposits and investments	 \$3,221,585	 \$3,792,489

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) 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.

**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,411,459	\$3,077,383	\$334,076
Capital Projects	840,297	245,148	595,149
Enterprise	1,000	385	615
Fiduciary	90,821	25,211	65,610
Total	<u>\$4,343,577</u>	<u>\$3,348,127</u>	<u>\$995,450</u>

Budgetary activity for the years ending December 31, 2002 follows:

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,436,511	\$3,111,629	\$324,882
Capital Projects	411,486	51,856	359,630
Enterprise	219,414	199,735	19,679
Fiduciary	41,045	28,758	12,287
Total	<u>\$4,108,456</u>	<u>\$3,391,978</u>	<u>\$716,478</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 based on any additional revenues the Library receives. These revenues are reflected in the accompanying financial statements as Other Government Grants-In-Aid.

5. RETIREMENT SYSTEM

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. OPERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees.

Contribution rates are prescribed by the Ohio Revised Code. The Library's OPERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2003 and from January 1, 2002 through December 31, 2003. The Library has paid all contributions required through December 31, 2003.

**ELYRIA PUBLIC LIBRARY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

The Elyria Public Library has obtained commercial insurance for the following risks:

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

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**Auditor of State
Betty Montgomery**

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

Board of Trustees
Elyria Public Library
Lorain County
320 Washington Avenue
Elyria, Ohio 44035

We have audited the financial statements of the Elyria Public Library, Lorain County, Ohio, (the Library) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated March 17, 2004. We conducted our audit 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 a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated March 17, 2004.

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 March 17, 2004.

Elyria Public Library
Lorain County
Independent Accountants' 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 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 17, 2004

ELYRIA PUBLIC LIBRARY
LORAIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDING
DECEMBER 31, 2003 AND 2002

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-00847-001	Cash Reconciliations	Yes	Finding no longer valid



**Auditor of State
Betty Montgomery**

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ELYRIA 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 13, 2004**