



**AVON LAKE PUBLIC LIBRARY  
LORAIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2003 & 2002**



**Auditor of State  
Betty Montgomery**



AVON LAKE PUBLIC LIBRARY  
LORAIN COUNTY

JANUARY 1, 2002 TO DECEMBER 31, 2003

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# Auditor of State Betty Montgomery

## INDEPENDENT ACCOUNTANTS' REPORT

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, 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 Avon Lake 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 February 25, 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 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

February 25, 2004

**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, 2003**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$1,111,084	\$0	\$0	\$1,111,084
Other Government Grants-In-Aid	979,559			979,559
Patron Fines and Fees	61,097			61,097
Earnings on Investments	9,978	15	8,916	18,909
Services Provided to Other Entities	2,505			2,505
Contributions, Gifts and Donations	1,480			1,480
Miscellaneous Receipts	5,185			5,185
Total Cash Receipts	2,170,888	15	8,916	2,179,819
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	1,308,772			1,308,772
Purchased and Contracted Services	302,365			302,365
Supplies	51,639	2,319		53,958
Library Materials and Information	257,503			257,503
Other Objects	16,832			16,832
Capital Outlay	92,588		27,090	119,678
Total Cash Disbursements	2,029,699	2,319	27,090	2,059,108
Total Cash Receipts Over/(Under) Cash Disbursements	141,189	(2,304)	(18,174)	120,711
<b>Other Financing Receipts/(Disbursements):</b>				
Proceeds from Sales of Property	13			13
Transfers-In	15		100,000	100,015
Transfers-Out	(100,000)	(15)		(100,015)
Total Other Financing Receipts/(Disbursements)	(99,972)	(15)	100,000	13
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	41,217	(2,319)	81,826	120,724
Fund Cash Balances, January 1	428,865	2,319	333,185	764,369
<b>Fund Cash Balances, December 31</b>	<b>\$470,082</b>	<b>\$0</b>	<b>\$415,011</b>	<b>\$885,093</b>

*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, 2002**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$1,096,713	\$0	\$0	\$1,096,713
Other Government Grants-In-Aid	978,748			978,748
Patron Fines and Fees	60,394			60,394
Earnings on Investments	10,961	81	8,658	19,700
Contributions, Gifts and Donations	842			842
Miscellaneous Receipts	9,546			9,546
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	2,157,204	81	8,658	2,165,943
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	1,193,071			1,193,071
Purchased and Contracted Services	300,179			300,179
Supplies	35,390	3,654		39,044
Library Materials and Information	281,871			281,871
Other Objects	20,519			20,519
Capital Outlay	76,612		160,367	236,979
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	1,907,642	3,654	160,367	2,071,663
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	249,562	(3,573)	(151,709)	94,280
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In			100,000	100,000
Transfers-Out	(100,000)			(100,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(100,000)	0	100,000	0
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	149,562	(3,573)	(51,709)	94,280
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Fund Cash Balances, January 1	279,303	5,892	384,894	670,089
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$428,865</u></b>	<b><u>\$2,319</u></b>	<b><u>\$333,185</u></b>	<b><u>\$764,369</u></b>

*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, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Avon Lake 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 seven-member Board of Trustees appointed by the Avon Lake Board of Education. 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 reported as assets. 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. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**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.

**AVON LAKE 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. Special Revenue Funds**

These funds are 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 – This fund is used to account for federal, state and local grants.

**3. Capital Project Funds**

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 to expand, renovate, improve, furnish and equip the existing Library building and site.

**E. Budgetary Process**

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

A summary of 2003 and 2002 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. Totals Columns**

Totals 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:

**AVON LAKE PUBLIC LIBRARY  
LORAIN COUNTY**

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

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

	2003	2002
Demand deposits	\$3,890	\$3,549
Certificates of deposit	374,669	265,907
Savings Sweep	291,215	0
Total deposits	669,774	269,456
Money Market	0	100,236
STAR Ohio	215,319	394,677
Total investments	215,319	494,913
Total deposits and investments	\$885,093	\$764,369

**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 and money market are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$2,263,948	\$2,129,699	\$134,249
Special Revenue	2,319	2,334	(15)
Capital Projects	54,444	27,090	27,354
Total	\$2,320,711	\$2,159,123	\$161,588

At December 31, 2003, the Library's Special Revenue Grants Fund was in violation of Ohio Administrative Code Section 117-8-02.

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$2,180,360	\$2,007,642	\$172,718
Special Revenue	5,903	3,654	2,249
Capital Projects	166,209	160,367	5,842
Total	\$2,352,472	\$2,171,663	\$180,809

**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.

**AVON LAKE PUBLIC LIBRARY  
LORAIN COUNTY**

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

**4. GRANTS-IN-AID AND TAX RECEIPTS (continued)**

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 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 2002. The Library has paid all contributions required through December 31, 2003.

**6. RISK MANAGEMENT**

**Commercial Insurance**

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

- Commercial property;
- Vehicles;
- Inland marine;
- Commercial crime;
- General liability; and
- Surety bonds



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' 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, 2003 and December 31, 2002, and have issued our report thereon dated February 25, 2004. 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 a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated February 25, 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 February 25, 2004.

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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

February 25, 2004



**Auditor of State  
Betty Montgomery**

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800-282-0370

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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  
APRIL 13, 2004**