



**MADISON PUBLIC LIBRARY
LAKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 & 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MADISON PUBLIC LIBRARY
LAKE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Madison Public Library
Lake County
6111 Middle Ridge Road
Madison, Ohio 44057

To the Board of Trustees:

We have audited the accompanying financial statements of the Madison 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 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 and reserves for encumbrances of the Madison 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 2, 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 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 2, 2001

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

	Governmental Fund Types		Fiduciary Fund	Totals (Memorandum Only)
	General	Capital Projects	Expendable Trust	
Cash Receipts:				
Intergovernmental Revenue	\$891,719	\$0	\$0	\$891,719
Patron Fines and Fees	24,014	0	0	24,014
Earnings on Investments	125,904	8,753	11,529	146,186
Contributions, Gifts and Donations	4,469	0	0	4,469
Miscellaneous Receipts	4,271	0	0	4,271
Total Cash Receipts	1,050,377	8,753	11,529	1,070,659
Cash Disbursements:				
Current:				
Salaries and Benefits	400,055	0	0	400,055
Supplies	26,159	0	0	26,159
Purchased and Contracted Services	59,789	0	0	59,789
Library Materials and Information	237,385	0	0	237,385
Capital Outlay	51,891	2,445,688	0	2,497,579
Total Cash Disbursements	775,279	2,445,688	0	3,220,967
Total Cash Receipts Over/(Under) Cash Disbursements	275,098	(2,436,935)	11,529	(2,150,308)
Other Financing Receipts/(Disbursements):				
Transfers-In	0	312,509	0	312,509
Transfers-Out	(60,000)	(252,509)	0	(312,509)
Total Other Financing Receipts/(Disbursements)	(60,000)	60,000	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	215,098	(2,376,935)	11,529	(2,150,308)
Fund Cash Balances, January 1, 2000	9,700	3,165,660	182,436	3,357,796
Fund Cash Balances, December 31, 2000	\$224,798	\$788,725	\$193,965	\$1,207,488
Reserves for Encumbrances, December 31, 2000	\$12,626	\$1,775	\$0	\$14,401

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

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

	Governmental Fund Types		Fiduciary Fund	Totals (Memorandum Only)
	General	Capital Projects	Expendable Trust	
Cash Receipts:				
Intergovernmental Revenue	\$796,556	\$0	\$0	\$796,556
Patron Fines and Fees	22,434	0	0	22,434
Earnings on Investments	167,811	10	8,000	175,821
Contributions, Gifts and Donations	2,670	0	61,840	64,510
Miscellaneous Receipts	4,180	0	0	4,180
Total Cash Receipts	<u>993,651</u>	<u>10</u>	<u>69,840</u>	<u>1,063,501</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	368,502	0	0	368,502
Supplies	24,788	0	0	24,788
Purchased and Contracted Services	65,924	0	0	65,924
Library Materials and Information	209,975	0	0	209,975
Capital Outlay	3,092	485,295	0	488,387
Total Cash Disbursements	<u>672,281</u>	<u>485,295</u>	<u>0</u>	<u>1,157,576</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>321,370</u>	<u>(485,285)</u>	<u>69,840</u>	<u>(94,075)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	334,965	1,271	336,236
Transfers-Out	<u>(321,670)</u>	<u>(14,566)</u>	<u>0</u>	<u>(336,236)</u>
Total Other Financing Receipts/(Disbursements)	<u>(321,670)</u>	<u>320,399</u>	<u>1,271</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(300)	(164,886)	71,111	(94,075)
Fund Cash Balances, January 1, 1999	<u>10,000</u>	<u>3,330,546</u>	<u>111,325</u>	<u>3,451,871</u>
Fund Cash Balances, December 31, 1999	<u>\$9,700</u>	<u>\$3,165,660</u>	<u>\$182,436</u>	<u>\$3,357,796</u>
Reserves for Encumbrances, December 31, 1999	<u>\$11,954</u>	<u>\$0</u>	<u>\$0</u>	<u>\$11,954</u>

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

**MADISON 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

Madison 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 Madison 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 Madison Public Library was organized to maintain an association of persons interested in libraries; to focus public attention on the Madison 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 \$6,636 in financial contributions from the Friends organization for fiscal period January 1, 1999 through December 31, 2000. Total cash assets (unaudited) of the Friends of Madison Public Library at December 31, 2000 amounted to \$12,230. The Friends Treasurer's Report (unaudited) can be obtained through Cheryl Stroup, 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 Library invested in Star Ohio (the State Treasurer's Investment Pool), which are valued at amounts reported by the State Treasurer.

**MADISON 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:

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.

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 Funds:

Building Repair Fund - This fund received fund transfers for the various repairs that the Library needed.

Construction & Escrow Fund - This fund received money to expand the Library from the School District. It then transfers to the respective fund as needed.

Fiduciary Fund (Trust Fund)

The Trust fund is 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 Expendable Trust Fund:

Memorial Trust Fund - This fund received money as a donation to the Library.

E. Budgetary Process

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

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 Madison 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.

Estimated Resources

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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.

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	\$465	(\$7,230)
Petty Cash	200	100
Total Demand Deposit	<u>665</u>	<u>(7,130)</u>
STAR Ohio	<u>1,206,823</u>	<u>3,364,926</u>
Total investments	<u>1,206,823</u>	<u>3,364,926</u>
Total deposits and investments	<u><u>\$1,207,488</u></u>	<u><u>\$3,357,796</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.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$936,426	\$1,050,377	\$113,951
Capital Projects	70,000	321,262	251,262
Expendable Trust	9,000	11,529	\$2,529
Total	<u>\$1,015,426</u>	<u>\$1,383,168</u>	<u>\$367,742</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$958,380	\$847,905	\$110,475
Capital Projects	3,208,440	2,699,972	508,468
Expendable Trust	82,200	0	82,200
Total	<u>\$4,249,020</u>	<u>\$3,547,877</u>	<u>\$701,143</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$893,809	\$993,651	\$99,842
Capital Projects	0	334,975	334,975
Expendable Trust	0	71,111	71,111
Total	<u>\$893,809</u>	<u>\$1,399,737</u>	<u>\$505,928</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$913,830	\$1,005,905	(\$92,075)
Capital Projects	1,675,839	499,861	1,175,978
Expendable Trust	0	0	0
Total	<u>\$2,589,669</u>	<u>\$1,505,766</u>	<u>\$1,083,903</u>

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

4. GRANTS-IN-AID (INTERGOVERNMENTAL REVENUE)

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.

The County is responsible for and distributing all Local Library Government Support Fund 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 for 1999 and 10.84% for 2000. The Library has paid all contributions required through December 31, 2000.

6. 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 through a private carrier.

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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**

Madison Public Library
Lake County
6111 Middle Ridge Road
Madison, Ohio 44057

To the Board of Trustees:

We have audited the financial statements of the Madison Public Library, Lake County, Ohio, (the Library) as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated May 2, 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 certain 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 2, 2001.

This report is intended for the information and use of the 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

May 2, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MADISON 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 14, 2001**