



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Type – For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary and Fiduciary Fund Type – For the Year Ended December 31, 1999	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Type – For the Year Ended December 31, 1998	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary and Fiduciary Fund Type – For the Year Ended December 31, 1998	6
Notes to the Financial Statements	7
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	15

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Lorain Public Library
Lorain County
351 Sixth Street
Lorain, Ohio 44052

We have audited the accompanying financial statements of the Lorain 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 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 Lorain Public Library, Lorain County, Ohio, 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 April 5, 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 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

April 5, 2000

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

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Property and Other Local Taxes	\$1,536,761				\$1,536,761
Other Government Grants-In-Aid	4,892,562	\$13,950			4,906,512
Patron Fines and Fees	\$114,454				114,454
Earnings on Investments	\$46,604		\$164,658	\$55,318	266,580
Services Provided to Other Entities	7,900				7,900
Contributions, Gifts and Donations	104		19,892	46,058	66,054
Miscellaneous Receipts	22,952				22,952
Total Cash Receipts	6,621,337	13,950	184,550	101,376	6,921,213
Cash Disbursements:					
Current:					
Salaries and Benefits	3,326,156				3,326,156
Purchased and Contracted Services	909,648	776	30,038	3,192	943,654
Other Objects	1,243,060	13,135		66,662	1,322,857
Debt Service:					
Redemption of Principal					0
Interest Payments and Other Financing Fees and Costs					0
Capital Outlay	216,585		1,250,388	5,850	1,472,823
Total Cash Disbursements	5,695,449	13,911	1,280,426	75,704	7,065,490
Total Cash Receipts Over/(Under) Cash Disbursements	925,888	39	(1,095,876)	25,672	(144,277)
Other Financing Receipts/(Disbursements):					
Proceeds of Bonds					0
Proceeds of Notes					0
Proceeds from Sales of Property					0
Transfers-In			527,000		527,000
Advances-In					0
Transfers-Out	(527,000)				(527,000)
Advances-Out					0
Total Other Financing Receipts/(Disbursements)	(527,000)	0	527,000	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	398,888	39	(568,876)	25,672	(144,277)
Fund Cash Balances, January 1	961,969	1,480	3,241,576	556,565	4,761,590
Fund Cash Balances, December 31	\$1,360,857	\$1,519	\$2,672,700	\$582,237	\$4,617,313
Reserves for Encumbrances, December 31	\$431,673	\$0	\$638,947	\$30,050	\$1,100,670

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
PROPRIETARY AND FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Charges for Services	\$12,000	\$0	\$12,000
Services Provided to Other Entities			0
Total Operating Cash Receipts	<u>12,000</u>	<u>0</u>	<u>12,000</u>
Operating Cash Disbursements:			
Current:			0
Salaries and Benefits			0
Purchased and Contracted Services	161		161
Other Objects	3,907		3,907
Capital Outlay			0
Total Operating Cash Disbursements	<u>4,068</u>	<u>0</u>	<u>4,068</u>
Operating Income/(Loss)	<u>7,932</u>	<u>0</u>	<u>7,932</u>
Non-Operating Cash Receipts:			
Government Grants In Aid			0
Earnings on Investments	2,786	292	3,078
Proceeds of Bonds			0
Proceeds of Notes			0
Proceeds from Sales of Property			0
Other Non-Operating Receipts			0
Total Non-Operating Cash Receipts	<u>2,786</u>	<u>292</u>	<u>3,078</u>
Non-Operating Cash Disbursements:			
Debt Service:			
Redemption of Principal			0
Interest Payments and Financing Fees/Costs			0
Other Non-Operating Disbursements			0
Total Non-Operating Cash Disbursements			<u>0</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	10,718	292	11,010
Transfers-In			0
Advances-In			0
Transfers-Out			0
Advances-Out			0
Net Receipts Over/(Under) Disbursements	10,718	292	11,010
Fund Cash Balances, January 1	<u>65,674</u>	<u>1,427</u>	<u>67,101</u>
Fund Cash Balances, December 31	<u>\$76,392</u>	<u>\$1,719</u>	<u>\$78,111</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</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 AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Property and Other Local Taxes	\$1,665,512				\$1,665,512
Other Government Grants-In-Aid	4,375,086	\$29,845			4,404,931
Patron Fines and Fees	116,437				116,437
Earnings on Investments	258,827				258,827
Services Provided to Other Entities	4,000	943			4,943
Contributions, Gifts and Donations	2,236			\$21,826	24,062
Miscellaneous Receipts	34,461				34,461
Total Cash Receipts	6,456,559	30,788	0	21,826	6,509,173
Cash Disbursements:					
Current:					
Salaries and Benefits	3,088,142				3,088,142
Purchased and Contracted Services	779,351	125	1,501	5,063	786,040
Other Objects	1,075,676	15,588		58,304	1,149,568
Debt Service:					
Redemption of Principal					0
Interest Payments and Other Financing Fees and Costs					0
Capital Outlay	412,987	13,745		61,079	487,811
Total Cash Disbursements	5,356,156	29,458	1,501	124,446	5,511,561
Total Cash Receipts Over/(Under) Cash Disbursements	1,100,403	1,330	(1,501)	(102,620)	997,612
Other Financing Receipts/(Disbursements):					
Proceeds of Bonds					0
Proceeds of Notes					0
Proceeds from Sales of Property					0
Transfers-In	4,660	150	1,847,526	39,056	1,891,392
Advances-In					0
Transfers-Out	(1,891,392)				(1,891,392)
Advances-Out					0
Total Other Financing Receipts/(Disbursements)	(1,886,732)	150	1,847,526	39,056	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(786,329)	1,480	1,846,025	(63,564)	997,612
Fund Cash Balances, January 1	1,748,298		1,395,551	620,129	3,763,978
Fund Cash Balances, December 31	\$961,969	\$1,480	\$3,241,576	\$556,565	\$4,761,590
Reserves for Encumbrances, December 31	\$457,710	\$0	\$0	\$28,405	\$486,115

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
PROPRIETARY AND FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Charges for Services	\$17,250	\$0	\$17,250
Services Provided to Other Entities			0
Total Operating Cash Receipts	<u>17,250</u>	<u>0</u>	<u>17,250</u>
Operating Cash Disbursements:			
Current:			
Salaries and Benefits			0
Purchased and Contracted Services	10,019		10,019
Other Objects	6,463		6,463
Capital Outlay	793		793
Total Operating Cash Disbursements	<u>17,275</u>	<u>0</u>	<u>17,275</u>
Operating Income/(Loss)	<u>(25)</u>	<u>0</u>	<u>(25)</u>
Non-Operating Cash Receipts:			
Government Grants In Aid			0
Earnings on Investments	4,313	45	4,358
Proceeds of Bonds			0
Proceeds of Notes			0
Proceeds from Sales of Property			0
Other Non-Operating Receipts	30		30
Total Non-Operating Cash Receipts	<u>4,343</u>	<u>45</u>	<u>4,388</u>
Non-Operating Cash Disbursements:			
Debt Service:			
Redemption of Principal			0
Interest Payments and Financing Fees/Costs			0
Other Non-Operating Disbursements			0
Total Non-Operating Cash Disbursements			<u>0</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	4,318	45	4,363
Transfers-In			0
Advances-In			0
Transfers-Out			0
Advances-Out			0
Net Receipts Over/(Under) Disbursements	4,318	45	4,363
Fund Cash Balances, January 1	<u>61,356</u>	<u>1,382</u>	<u>62,738</u>
Fund Cash Balances, December 31	<u>\$65,674</u>	<u>\$1,427</u>	<u>\$67,101</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Lorain 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 the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Lorain 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.

The Friends of the Lorain Public Library, Inc., is a federal tax-exempt, not for profit organization under Section 501 (a) of the Internal Revenue Code (the Code) and an organization described in Section 501 (c)(4) of the Code. This corporation was organized to assist with community relations; to promote an informal interest in library functions, resources and services; provide supplemental income to the library objectives; stimulate gifts, donations, and bequests; and to work toward assuring continued monetary support through tax dollars. The Library exercised no financial control over this not for profit corporation. The Library received no financial contributions during the fiscal period January 1, 1998 through December 31, 1999 from the Friends corporation. The total cash assets (unaudited) of the Friends of the Lorain Public Library, Inc., at December 31, 1999 was \$6,178. Financial Statements can be obtained from Anthony Campana.

The Friends of the Avon Branch Library was organized to promote knowledge of the functions, resources and needs of the Avon Branch and to assist with raising funds for needs beyond the Avon Branch Library budget. The Library exercised no financial control over this organization. The Avon Branch Library received no financial contributions during the fiscal period January 1, 1998 through December 31, 1999 from the Avon Friends. The total cash assets (unaudited) of the Friends of the Avon Branch at December 31, 1999 was \$2,072. Financial statements can be obtained from Karen Payne.

The Friends of the Columbia Branch Library was organized to support the mission and goals of the Lorain Public Library System and to raise funds and influence the gifts of books, magazines, desirable collections, endowments, scholarships and bequests to the Columbia Branch Library through ways approved by the Trustees of the Lorain Public Library System. The Junior Friends of the Columbia Branch Library is a group within this organization. The Library exercised no financial control over this organization. The Columbia Branch Library received \$1,464 during the fiscal period January 1, 1999 through December 31, 1999. The Columbia Branch received \$570 during the fiscal period January 1, 1998 through December 31, 1998. The total cash assets (unaudited) of the Friends of the Columbia Branch Library, at December 31, 1999 was \$1,949. Financial statements can be obtained from Fred Colbrunn.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

The Friends of the Domonkas Branch Library was organized to support the mission and goals of the Lorain Public Library System as determined by the Board of Trustees, and to raise funds and influence the gifts of books, magazines, desirable collections, endowments, scholarships and bequests to the library through ways approved by the Trustees of the Lorain Public Library System. The Library exercised no financial control over this organization. The Domonkas Branch Library received no financial contributions during the fiscal period January 1, 1998 through December 31, 1999 from the Friends organization. The total cash assets (unaudited) of the Friends of the Domonkas Branch Library, at December 31, 1999 was \$2,241. Financial statements can be obtained from Sandra Jenson.

The Friends of the North Ridgeville Branch Library, Inc., was organized to support the mission and goals of the North Ridgeville Branch Library and of the Lorain Public Library System; to focus public attention on library services, facilities and needs; to raise funds and influence the gifts of books, magazines, desirable collections, endowments, scholarships and bequests to the Library, through ways approved by the Lorain Public Library System Board of Trustees. The Library exercised no financial control over this organization. The North Ridgeville Branch Library received no financial contributions during the fiscal period January 1, 1999 through December 31, 1999. They received \$10,000 during the fiscal period January 1, 1998 through December 31, 1998 from the Friends organization. The total cash assets (unaudited) of the Friends of the North Ridgeville Branch Library, at December 31, 1999 was \$6,528. Financial statements can be obtained from Deborah Dunham.

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

Certificates of deposit, and U.S. Treasury Bonds and Notes are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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

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 Funds:

Books for Babies - This fund is used for the purpose of providing information to the families of babies from newborn through twelve months old. The goals of the program are to encourage parents, grandparents, and care-givers to read to their children and to promote library use from an early age.

Library Services and Technology Act Minigrant - This fund is used for the purpose of expanding the Main Library computer resources room into a Community Computer Access Center.

Capital Projects 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 Projects Funds:

Building/Repair Fund - This fund is used for major repairs of library owned buildings, purchasing land or buildings for library use, or for the construction of new buildings or additions.

Capital Improvements Fund - This fund is used to for vehicle replacement, major equipment purchases or to furnish a new or expanded building.

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:

Rental Fund -This fund is used to account for transactions related to rental property.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Fiduciary Funds (Trust Funds)

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 Funds

Hageman Trust - This fund is used for the purpose of maintaining a research collection in the areas of religion, philosophy, art, and history.

Domonkas Trust Fund - This fund is used for the sole purpose of additions or improvements to the Domonkas Branch of the Lorain Public Library System in Sheffield Lake.

Nonexpendable Trust Fund

Kurtz/Male Fund - This fund is used for the sole purpose of purchasing materials on the topics of oceans, seas, waterways and related topics.

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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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	\$456,027	\$170,915
Petty Cash and Change Cash	650	650
Certificates of deposit	<u>910,434</u>	<u>829,378</u>
Total deposits	<u>1,367,111</u>	<u>1,000,943</u>
Treasury Bonds	250,346	0
Treasury Notes	486,500	0
STAR Ohio	<u>2,591,467</u>	<u>3,827,748</u>
Total investments	<u>3,328,313</u>	<u>3,827,748</u>
Total deposits and investments	<u><u>\$4,695,424</u></u>	<u><u>\$4,828,691</u></u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

Investments: U.S. Treasury Bonds and Notes are held in book-entry form by the Federal Reserve, in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities. 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 1998
(Continued)

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,399,572	\$6,621,337	\$221,765
Special Revenue	13,950	13,950	0
Capital Projects	55,000	711,550	656,550
Enterprise	12,000	14,786	2,786
Expendable Trust	24,000	101,376	77,376
Nonexpendable Trust	0	292	292
Total	<u>\$6,504,522</u>	<u>\$7,463,291</u>	<u>\$958,769</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,914,005	\$6,654,122	\$259,883
Special Revenue	14,850	13,911	939
Capital Projects	1,934,067	1,919,373	14,694
Enterprise	7,600	4,068	3,532
Expendable Trust	160,606	105,754	54,852
Nonexpendable Trust	0	0	0
Total	<u>\$9,031,128</u>	<u>\$8,697,228</u>	<u>\$333,900</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,853,692	\$6,461,219	\$607,527
Special Revenue	35,605	30,938	(4,667)
Capital Projects	47,400	1,847,526	1,800,126
Enterprise	10,000	21,593	11,593
Expendable Trust	25,000	60,882	35,882
Nonexpendable Trust	0	45	45
Total	<u>\$5,971,697</u>	<u>\$8,422,203</u>	<u>\$2,450,506</u>

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,147,195	\$7,705,258	(\$558,063)
Special Revenue	35,583	29,458	6,125
Capital Projects	1,501	1,501	0
Enterprise	20,044	17,275	2,769
Expendable Trust	203,847	152,851	50,996
Nonexpendable Trust	0	0	0
Total	\$7,408,170	\$7,906,343	(\$498,173)

4. GRANTS-IN-AID AND TAX 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. 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 Governments 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.

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

5. RETIREMENT SYSTEM (Continued)

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:

- Commercial Property
- Automobile
- Inland Marine
- Commercial Crime
- Boiler and Machinery Breakdown
- Commercial and General Liability
- Surety Bonds

The Library also provides health insurance and dental and vision coverage to full-time employees who work 30 or more hours per pay, through a private carrier. The Library's liability is limited to the premiums paid.



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
Lorain Public Library
Lorain County
351 Sixth Street
Lorain, Ohio 44052

We have audited the financial statements of the Lorain 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 April 5, 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 April 5, 2000.

This report is intended for the information and use of the 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

April 5, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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LORAIN 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 2, 2000**