



**Auditor of State
Betty Montgomery**

**MENTOR PUBLIC LIBRARY
LAKE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Governmental Fund Types - For the Year Ended December 31, 2004	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Governmental Fund Types - For the Year Ended December 31, 2003	4
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Mentor Public Library
Lake County
8215 Mentor Avenue
Mentor, Ohio 44060

To the Board of Trustees:

We have audited the accompanying financial statements of the Mentor Public Library, Lake County, Ohio, (the Library) as of and for the years ended December 31, 2004 and December 31, 2003. 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 audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Library prepares these financial statements on the basis of accounting practices the Auditor of State prescribes or permits, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to about present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Mentor Public Library, Lake County, as of December 31, 2004 and December 31, 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 2, during the year ended December 31, 2002, the Library reclassified one Non-Expendable Trust Fund to the General Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2005, 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 describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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, 2005

**MENTOR PUBLIC LIBRARY
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Debt Service	Capital Projects	
Cash Receipts:				
Property and Other Local Taxes	\$948,263	\$0	\$0	\$948,263
Other Government Grants-In-Aid	1,944,009	0	0	1,944,009
Patron Fines and Fees	98,241	0	0	98,241
Earnings on Investments	2,857	0	3,827	6,684
Contributions, Gifts and Donations	38,288	0	0	38,288
Miscellaneous Receipts	19,098	0	6,485	25,583
	3,050,756	0	10,312	3,061,068
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries and Benefits	2,010,408	0	0	2,010,408
Purchased and Contracted Services	384,693	0	21,617	406,310
Library Materials and Information	394,738	0	0	394,738
Supplies	43,996	0	0	43,996
Other Objects	6,666	0	0	6,666
Debt Service:				
Redemption of Principal	0	56,167	0	56,167
Interest Payments and Other Financing Fees and Costs	0	15,044	0	15,044
Capital Outlay	22,980	0	0	22,980
	2,863,481	71,211	21,617	2,956,309
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	187,275	(71,211)	(11,305)	104,759
Other Financing Receipts/(Disbursements):				
Sale of Notes	0	0	400,000	400,000
Sale of Fixed Assets	1,440	0	0	1,440
Transfers-In	0	71,211	0	71,211
Transfers-Out	(71,211)	0	0	(71,211)
	(69,771)	71,211	400,000	401,440
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	117,504	0	388,695	506,199
Fund Cash Balances, January 1, 2004	272,145	0	60,458	332,603
Fund Cash Balances, December 31, 2004	\$389,649	\$0	\$449,153	\$838,802
Reserves for Encumbrances, December 31, 2004	\$19,851	\$0	\$0	19,851

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

**MENTOR PUBLIC LIBRARY
LAKE COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$946,999	\$0	\$0	\$946,999
Other Government Grants-In-Aid	1,949,569	0	0	1,949,569
Patron Fines and Fees	82,742	0	0	82,742
Earnings on Investments	1,561	0	711	2,272
Contributions, Gifts and Donations	23,181	0	0	23,181
Miscellaneous Receipts	3,901	0	0	3,901
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	3,007,953	0	711	3,008,664
Cash Disbursements:				
Current:				
Salaries and Benefits	2,029,360	0	0	2,029,360
Purchased and Contracted Services	381,675	0	4,940	386,615
Library Materials and Information	342,070	0	0	342,070
Supplies	41,076	0	0	41,076
Other Objects	6,567	0	0	6,567
Debt Service:				
Redemption of Principal	0	52,797	0	52,797
Interest Payments and Other Financing Fees and Costs	0	11,082	0	11,082
Capital Outlay	7,492	0	0	7,492
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	2,808,240	63,879	4,940	2,877,059
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	199,713	(63,879)	(4,229)	131,605
Other Financing Receipts/(Disbursements):				
Transfers-In	0	63,879	0	63,879
Transfers-Out	(63,879)	0	0	(63,879)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(63,879)	63,879	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	135,834	0	(4,229)	131,605
Fund Cash Balances, January 1, 2003 (Restated)	<hr/>	<hr/>	<hr/>	<hr/>
	136,311	0	64,687	200,998
Fund Cash Balances, December 31, 2003	<hr/> \$272,145 <hr/>	<hr/> \$0 <hr/>	<hr/> \$60,458 <hr/>	<hr/> \$332,603 <hr/>
Reserves for Encumbrances, December 31, 2003	<hr/>	<hr/>	<hr/>	<hr/>
	\$45,251	\$0	\$0	\$45,251

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

**MENTOR PUBLIC LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Mentor Public Library, Lake 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 Mentor 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.

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 adequately disclose material matters the Auditor of State prescribes.

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 at the time of sale are recorded as receipts.

The investment in Star Ohio (State of Ohio 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.

2. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of note indebtedness:

In 2004 the Library issued a 10 year \$400,000 public finance note to provide capital improvements to the Library's facilities.

**MENTOR PUBLIC LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Project Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following significant capital project fund.

Building and Repair Fund – This fund is used to repair, improve, furnish and equip the Library.

E. Budgetary Process

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

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. RESTATEMENT OF FUND BALANCE

One Non-Expendable Trust Fund was reclassified to the General Fund. This amount was reclassified due to this fund being incorrectly classified.

	<u>Non-Expendable Trust</u>	<u>General</u>
Fund Balances December 31, 2002	\$4,258	\$132,053
Fund Balance Reclassification	<u>(4,258)</u>	<u>4,258</u>
Adjusted Fund Balance January 1, 2003	\$0	\$136,311

**MENTOR PUBLIC LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(CONTINUED)**

3. 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:

	2004	2003
Demand deposits	\$150,299	\$150,784
Total deposits	150,299	150,784
 STAR Ohio		
Total investments	688,503	181,819
Total deposits and investments	\$838,802	\$332,603

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 were as follows:

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,005,868	\$2,954,543	\$51,325
Debt Service	71,211	71,211	0
Capital Projects	48,650	21,617	27,033
Total	\$3,125,729	\$3,047,371	\$78,358

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,932,340	\$2,917,370	\$14,970
Debt Service	65,640	63,879	1,761
Capital Projects	7,424	4,940	2,484
Total	\$3,005,404	\$2,986,189	\$19,215

5. 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 of any additional revenues the Library receives.

**MENTOR PUBLIC LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(CONTINUED)**

5. 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 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.

6. DEBT

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
Building Note	\$163,103	5.60%
Library Improvement Note	400,000	5.42%
Total	\$563,103	

The Building Note relates to the construction of a new branch library. The loan of \$500,000 for this project was issued in 1997. The loan is being repaid quarterly installments over ten years.

The Library Improvement Notes is for various capital improvements to the Library. The loan of \$400,000 was issued in 2004. The loan is being repaid semi-annually over ten years.

Amortization of the above debt, including interest, is scheduled as follows:

	Building Note	Improvement Note	Totals
Year ending December 31:			
2005	\$62,118	\$ 49,894	\$112,012
2006	62,118	52,214	114,332
2007	46,288	52,370	98,658
2008		52,420	52,420
2009		52,361	52,361
2010-2014		259,005	259,005
Total	\$170,524	\$518,264	\$688,788

**MENTOR PUBLIC LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(CONTINUED)**

7. RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (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 2004 and 2003. The Library has paid all contributions required through December 31, 2004.

8. RISK MANAGEMENT

Commercial Insurance

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

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

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

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

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

Mentor Public Library
Lake County
8215 Mentor Avenue
Mentor, Ohio 44060

To the Board of Trustees:

We have audited the financial statements of the Mentor Public Library, Lake County, Ohio, (the Library) as of and for the years ended December 31, 2004 and December 31, 2003, and have issued our report thereon dated February 25, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting 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.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance we must report under *Government Auditing Standards*.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361
www.auditor.state.oh.us

Mentor Public Library
Lake 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 the finance committee, management and the Executive Committee, 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, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

MENTOR 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
APRIL 12, 2005**