



**CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM  
CUYAHOGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM  
CUYAHOGA COUNTY**

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STATE OF OHIO  
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**INDEPENDENT ACCOUNTANTS' REPORT**

Board of Trustees  
Cleveland Area Metropolitan Library System  
Cuyahoga County  
20600 Chagrin Boulevard, Suite 500  
Shaker Heights, Ohio 44122

To the Board of Trustees:

We have audited the accompanying financial statements of the Cleveland Area Metropolitan Library System, Cuyahoga County, Ohio, (the Library System) as of and for the year ended June 30, 2000. These financial statements are the responsibility of the Library System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 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 System 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 Library System as of June 30, 2000, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2000 on our consideration of the Library System'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 management, 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.

**Jim Petro**  
Auditor of State

October 27, 2000

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**CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Memberships	\$289,500	\$0	\$289,500
Intergovernmental Receipts	0	565,472	565,472
Workshop	0	60,161	60,161
	<u>289,500</u>	<u>625,633</u>	<u>915,133</u>
<b>Total Cash Receipts</b>			
	<u>289,500</u>	<u>625,633</u>	<u>915,133</u>
<b>Cash Disbursements:</b>			
Salaries	45,161	177,260	222,421
Fringes	12,434	43,212	55,646
Supplies	4,434	6,312	10,746
Travel	12,087	11,869	23,956
Contracts	156,075	101,524	257,599
Other	12,019	45,792	57,811
Proficiency	0	226,855	226,855
Periodicals	1,582	0	1,582
Equipment	3,765	23,216	26,981
	<u>247,557</u>	<u>636,040</u>	<u>883,597</u>
<b>Total Disbursements</b>			
	<u>247,557</u>	<u>636,040</u>	<u>883,597</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>41,943</u>	<u>(10,407)</u>	<u>31,536</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	0	0	0
Transfers-Out	(4,828)	(8,448)	(13,276)
	<u>(4,828)</u>	<u>(8,448)</u>	<u>(13,276)</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>(4,828)</u>	<u>(8,448)</u>	<u>(13,276)</u>
<b>Excess of Cash Receipts Over/(Under) Cash Disbursements</b>	<u>37,115</u>	<u>(18,855)</u>	<u>18,260</u>
<b>Fund Cash Balances July 1, 1999</b>	<u>13,388</u>	<u>45,509</u>	<u>58,897</u>
<b>Fund Cash Balances, June 30, 2000</b>	<u><u>\$50,503</u></u>	<u><u>\$26,654</u></u>	<u><u>\$77,157</u></u>

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

**CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 PROPRIETARY FUND TYPE AND FIDUCIARY FUND TYPE  
 FOR THE YEAR ENDED JUNE 30, 2000**

	<b>Proprietary Fund Type</b>	<b>Fiduciary Fund Type</b>	<b>Totals (Memorandum Only)</b>
	<b>Internal Service</b>	<b>Agency</b>	
<b>Operating Cash Receipts:</b>			
Workshop	\$48,583	\$0	\$48,583
Interest	33,640	0	33,640
Member Fees	5,800	0	5,800
Sale of Publication	11,161	0	11,161
Internet Access	723	0	723
Miscellaneous	9,073	535	9,608
	<u>108,980</u>	<u>535</u>	<u>109,515</u>
<b>Operating Cash Disbursements:</b>			
Materials	7,787	0	7,787
Workshop	27,589	0	27,589
Accounting	1,823	0	1,823
Internet Access	960	0	960
Miscellaneous	5,772	0	5,772
	<u>43,931</u>	<u>0</u>	<u>43,931</u>
Operating Income/(Loss)	<u>65,049</u>	<u>535</u>	<u>65,584</u>
Transfers-In	13,276	0	13,276
Transfers-Out	0	0	0
	<u>13,276</u>	<u>0</u>	<u>13,276</u>
Net Receipts Over/(Under) Disbursements	78,325	535	78,860
Fund Cash Balances, July 1, 1999	<u>387,060</u>	<u>155</u>	<u>387,215</u>
<b>Fund Cash Balances, June 30, 2000</b>	<b><u>\$465,385</u></b>	<b><u>\$690</u></b>	<b><u>\$466,075</u></b>

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



**CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Cleveland Area Metropolitan Library System is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Cleveland Area Metropolitan Library System is a Regional Library System as chartered by the State Library Board under the authority of Sections 3375.70 and 3375.90 Ohio Revised Code. The Library System was incorporated on July 1, 1991. The Library System operates under an appointed Board of Trustees (14 members).

The Cleveland Area Metropolitan Library System is a jointly governed organization comprised of seventy-six public, academic, special, and school libraries. The jointly governed organization was formed for the purpose of providing an effective and efficient sharing of information, resources, and expertise. Each member provides membership dues to the Cleveland Area Metropolitan Library System made in accordance with a formula based on their operating budget.

The Cleveland Area Metropolitan Library System Board of Trustees consists of thirteen full members with voting privileges elected by, from, and among the Advisory Council. The Advisory Council is comprised of a representative from each member library system. There is one non-voting member representing libraries with Associate membership. The Executive Director serves as an ex-officio, non-voting member.

The Library System's management believes these financial statements present all activities for which the Library System 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Equivalents**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

The Library System uses fund accounting to segregate cash and equivalents that are restricted as to use. The Library System 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.

**CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**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 System had the following significant Special Revenue Funds:

LSTA Title I Grant Fund - This fund is used to account for the revenues and expenditures solely associated with the Federal Grant.

State Grant Fund - This fund is used to account for the revenues and expenditures solely associated with the State Grant.

**Internal Service Fund**

This fund is used to account for operations of the Library System which provide goods or services to other departments of the Library System on a cost-reimbursement basis. The Library System had the following significant Internal Service Fund:

Nonproject Fund - This fund is used to account for operations of the Library System which provide programs, such as the National Library Week Program and workshops, to other members of the Library System on a cost-reimbursement basis.

**Fiduciary Fund (Agency Fund)**

Fund for which the Library System is acting in an agency capacity is classified as an agency fund. The Library System had the following significant agency fund:

Scholarship Fund - This fund is used to account for the revenues derived from alumni donations.

**E. Budgetary Process**

The Library System is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Library System does pass an annual budget in the month of May preceding the fiscal year. Appropriation amendments and transfers are approved by the Board of Trustees during the year as required.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as 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 System.

**CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**H. Totals Columns**

Totals columns on the financial statements are captioned "(Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation.

**2. EQUITY IN POOLED CASH AND EQUIVALENTS**

The Library System maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at June 30 was as follows:

	<u><b>2000</b></u>
Demand deposits	<u>\$543,232</u>
Total deposits	<u>\$543,232</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**3. RETIREMENT SYSTEMS**

The Public Employee Retirement System of Ohio (PERS) is a state operated, cost sharing, multiple employer public employee retirement system. All employees of the Cleveland Area Metropolitan Library System belong to PERS. 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.

Employees contribute 8.5% of gross salary. The employer matching share is 13.55% of gross salary with 8.44% allocated to pension benefits and 5.11% allocated to post employment benefits. The pension contribution requirement for the Library System for the year ended June 30, 2000 was \$49,173 which consists of \$19,155 from employees and \$30,018 from the employer. The required percentages for employer and employee contributions for the next fiscal year will be unchanged.

**4. POST EMPLOYMENT BENEFITS**

The Public Employee Retirement System (PERS) provides comprehensive health care benefits to eligible retirees and their dependents. Eligibility requirements, benefit provisions, and obligations to contribute are established by the system based on authority granted by State statute. The portion of PERS employer contribution allocated to health care benefits as of June 30, 2000 was 5.11% of covered payroll. The Library System's total contribution for health care benefits in fiscal 2000 was \$11,319.

**CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(Continued)**

**5. RISK MANAGEMENT**

The Library System has obtained commercial insurance for the following risks:

- Commercial Inland Marine Coverage
- Employee Dishonesty

The Library System also provides health insurance coverage and dental benefits, to employees who work over 20 hours per pay period. The Library System's liability for health care is limited to the premiums paid.



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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Board of Trustees  
Cleveland Area Metropolitan Library System  
Cuyahoga County  
20600 Chagrin Boulevard, Suite 500  
Shaker Heights, Ohio 44122

To the Board of Trustees:

We have audited the financial statements of the Cleveland Area Metropolitan Library System, Cuyahoga County, Ohio, (the Library System) as of and for the year ended June 30, 2000, and have issued our report thereon dated October 27, 2000. We conducted our audit 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 System'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 audit 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 audit, we considered the Library System'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 consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library System in a separate letter dated October 27, 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.

**Jim Petro**  
Auditor of State

October 27, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM**

**CUYAHOGA 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  
NOVEMBER 14, 2000**