



**LAKWOOD PUBLIC LIBRARY
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



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 Fund Types – For the Year Ended December 31, 1999	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Nonexpendable Trust Fund – For the Year Ended December 31, 1999	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1998	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Nonexpendable Trust Fund – 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>	13

THIS PAGE INTENTIONALLY LEFT BLANK



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Lausche Bldg
615 W Superior Ave
Floor 12
Cleveland OH 44113-1801
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Lakewood Public Library
Cuyahoga County
15425 Detroit Avenue
Lakewood, Ohio 44107

We have audited the accompanying financial statements of the Lakewood Public Library, Cuyahoga 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 Lakewood Public Library, Cuyahoga County, 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 March 13, 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.

Jim Petro
Auditor of State

March 13, 2000

THIS PAGE INTENTIONALLY LEFT BLANK

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$1,187,400	\$0	\$1,187,400
Other Government Grants-In-Aid	2,574,518		2,574,518
Patron Fines and Fees	92,382		92,382
Earnings on Investments	174,499		174,499
Contributions, Gifts and Donations	17,017		17,017
Miscellaneous Receipts	10,420		10,420
Total Cash Receipts	<u>4,056,236</u>	<u>0</u>	<u>4,056,236</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	2,126,616		2,126,616
Purchased and Contracted Services	434,857		434,857
Supplies	98,164		98,164
Library Materials and Information	623,164		623,164
Other Objects	10,292		10,292
Capital Outlay	124,031		124,031
Total Cash Disbursements	<u>3,417,124</u>	<u>0</u>	<u>3,417,124</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>639,112</u>	<u>0</u>	<u>639,112</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		420,000	420,000
Transfers-Out	(420,000)		(420,000)
Total Other Financing Receipts/(Disbursements)	<u>(420,000)</u>	<u>420,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>219,112</u>	<u>420,000</u>	<u>639,112</u>
Fund Cash Balances, January 1	<u>1,435,320</u>	<u>1,511,638</u>	<u>2,946,958</u>
Fund Cash Balances, December 31	<u>\$1,654,432</u>	<u>\$1,931,638</u>	<u>\$3,586,070</u>
Reserves for Encumbrances, December 31	<u>\$119,587</u>	<u>\$0</u>	<u>\$119,587</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Nonexpendable Trust
Operating Cash Receipts:	
Earnings on Investments	\$10,301
Total Operating Cash Receipts	10,301
Operating Cash Disbursements:	
Current:	
Salaries and Benefits	
Purchased and Contracted Services	
Other Objects	
Capital Outlay	
Total Operating Cash Disbursements	0
Operating Income/(Loss)	10,301
Non-Operating Cash Receipts:	
Government Grants In Aid	
Earnings on Investments	
Proceeds of Bonds	
Proceeds of Notes	
Proceeds from Sales of Property	
Other Non-Operating Receipts	
Total Non-Operating Cash Receipts	0
Non-Operating Cash Disbursements:	
Debt Service:	
Redemption of Principal	
Interest Payments and Financing Fees/Costs	
Other Non-Operating Disbursements	
Total Non-Operating Cash Disbursements	0
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	10,301
Transfers-In	
Advances-In	
Transfers-Out	
Advances-Out	
Net Receipts Over/(Under) Disbursements	10,301
Fund Cash Balance, January 1	200,777
Fund Cash Balance, December 31	\$211,078
Reserves for Encumbrances, December 31	\$0

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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$1,167,352	\$0	\$1,167,352
Other Government Grants-In-Aid	2,477,098		2,477,098
Patron Fines and Fees	91,023		91,023
Earnings on Investments	155,734		155,734
Contributions, Gifts and Donations	10,268		10,268
Miscellaneous Receipts	26,161		26,161
Total Cash Receipts	<u>3,927,636</u>	<u>0</u>	<u>3,927,636</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	2,013,365		2,013,365
Purchased and Contracted Services	480,852		480,852
Supplies	99,261		99,261
Library Materials and Information	671,455		671,455
Other Objects	10,285		10,285
Capital Outlay	212,088		212,088
Total Cash Disbursements	<u>3,487,306</u>	<u>0</u>	<u>3,487,306</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>440,330</u>	<u>0</u>	<u>440,330</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	440,330	0	440,330
Fund Cash Balances, January 1	994,990	1,511,638	2,506,628
Fund Cash Balances, December 31	<u>\$1,435,320</u>	<u>\$1,511,638</u>	<u>\$2,946,958</u>
Reserves for Encumbrances, December 31	<u>\$71,555</u>	<u>\$0</u>	<u>\$71,555</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Nonexpendable Trust
Operating Cash Receipts:	
Earnings on Investments	\$10,496
Total Operating Cash Receipts	10,496
Operating Cash Disbursements:	
Current:	
Salaries and Benefits	
Purchased and Contracted Services	
Other Objects	
Capital Outlay	
Total Operating Cash Disbursements	0
Operating Income/(Loss)	10,496
Non-Operating Cash Receipts:	
Government Grants In Aid	
Earnings on Investments	
Proceeds of Bonds	
Proceeds of Notes	
Proceeds from Sales of Property	
Other Non-Operating Receipts	
Total Non-Operating Cash Receipts	0
Non-Operating Cash Disbursements:	
Debt Service:	
Redemption of Principal	
Interest Payments and Financing Fees/Costs	
Other Non-Operating Disbursements	
Total Non-Operating Cash Disbursements	0
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	10,496
Transfers-In	
Advances-In	
Transfers-Out	
Advances-Out	
Net Receipts Over/(Under) Disbursements	10,496
Fund Cash Balance, January 1	190,281
Fund Cash Balance, December 31	\$200,777
Reserves for Encumbrances, December 31	\$0

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Lakewood Public Library, Cuyahoga 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 Lakewood 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.

Lakewood Public Library Foundation

Lakewood Public Library Foundation is a federal tax-exempt, not for profit corporation under section 501(a) of the Internal Revenue Code as an organization described in section 501 (c)(3). The Foundation was organized and operated exclusively for purposes of benefitting the Library. Two members of the Library's Board of Trustees serve on the Foundation Board of Trustees. The Library exercises no financial control over this not for profit corporation. The Library received approximately \$23,900 in financial benefits during the fiscal period January 1, 1998 through December 31, 1999 from the Foundation. Total cash assets (unaudited) of the Lakewood Public Library Foundation at December 31, 1999 amounted to \$13,705. The Foundation's Financial Activity Report (unaudited) can be obtained through James Pearce, Treasurer.

Friend's of Lakewood Public Library

Friend's of Lakewood Public Library is a federal tax-exempt, not for profit organization under section 501 (a) of the Internal Revenue Code as an organization described in section 501 (c)(3). The Friend's organization was developed through community members who support the Library through fund-raising activities. One member of the Library's Board of Trustees serves on the Friend's Board of Trustees. The Library exercised no financial control over this not for profit organization. The Library received approximately \$50,000 in financial benefits during the fiscal period May 1, 1998 through April 30, 1999 from the Friend's organization. Total cash assets (audited) of the Friend's of Lakewood Public Library at April 30, 1999 amounted to \$38,063. The Friend's Treasurer's Report (audited) can be obtained through Ruth Bennett, 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).

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting (Continued)

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

C. Cash and Investments

The investment in STAR Ohio (the State 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:

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

Capital Fund - used for the purpose of repairing, improving, furnishing, and equipping the existing Lakewood Public Library and improving its site.

Automation Fund - used for the purchase and maintenance of computers and software.

Land Fund - used for the acquisition of non-residential land and buildings(s) for further expansion of the Library.

Nonexpendable Trust Fund

This fund is used to account for trusts that stipulate that only earnings and not principal may be spent. The Library had the following significant Nonexpendable Trust Fund:

Endowment Fund - accounts for the restricted principal and the interest whose expenditure is unrestricted for Library purposes.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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.

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:

	1999	1998
Demand deposits	\$39,000	\$93,312
Petty cash and change cash	373	373
Total deposits	39,373	93,685
STAR Ohio	3,757,775	3,054,050
Total investments	3,757,775	3,054,050
Total deposits and investments	\$3,797,148	\$3,147,735

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.

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

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,995,115	\$4,056,236	\$61,121
Capital Projects	0	420,000	420,000
Nonexpendable Trust	10,000	10,301	301
Total	<u>\$4,005,115</u>	<u>\$4,486,537</u>	<u>\$481,422</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,443,603	\$3,956,711	\$486,892
Capital Projects	0	0	0
Nonexpendable Trust	0	0	0
Total	<u>\$4,443,603</u>	<u>\$3,956,711</u>	<u>\$486,892</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,879,373	\$3,927,636	\$48,263
Capital Projects	0	0	0
Nonexpendable Trust	10,000	10,496	496
Total	<u>\$3,889,373</u>	<u>\$3,938,132</u>	<u>\$48,759</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,932,865	\$3,558,861	\$374,004
Capital Projects	0	0	0
Nonexpendable Trust	0	0	0
Total	<u>\$3,932,865</u>	<u>\$3,558,861</u>	<u>\$374,004</u>

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

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 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.

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, December 31, 1999.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Property and Commercial General Liability.
- Boiler and Machinery
- Inland Marine
- Crime
- Commercial and General Liability
- Automobile
- Umbrella

The Library also provides health insurance and dental and vision coverage to full-time employees through a private carrier. The Library's liability for health care is limited to the premiums paid.

THIS PAGE INTENTIONALLY LEFT BLANK



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Lausche Bldg
615 W Superior Ave
Floor 12
Cleveland OH 44113-1801
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

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

Board of Trustees
Lakewood Public Library
Cuyahoga County
15425 Detroit Avenue
Lakewood, Ohio 44107

We have audited the financial statements of the Lakewood Public Library, Cuyahoga 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 March 13, 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 March 13, 2000.

This report is intended for the information and use of 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

March 13, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

LAKESWOOD PUBLIC LIBRARY

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
APRIL 1, 2000**