



**CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM
CUYAHOGA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

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, 2001. 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 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 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 Cleveland Area Metropolitan Library System, Cuyahoga County, Ohio, as of June 30, 2001, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

As described in Note 5, during the year ended June 30, 2001, the Library System re-classified its Special Projects - Internal Service Fund to the General Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2001 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

November 23, 2001

**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, 2001**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Memberships	\$313,930	\$0	\$313,930
Intergovernmental	0	372,840	372,840
Interest	38,512	0	38,512
Contract Services	2,845	0	2,845
Workshop	18,411	0	18,411
Miscellaneous	1,415	0	1,415
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	375,113	372,840	747,953
Cash Disbursements:			
Salaries	73,352	187,081	260,433
Fringes	17,240	44,292	61,532
Supplies	6,058	3,903	9,961
Travel	7,349	1,683	9,032
Contracts	162,287	91,796	254,083
Other	19,245	34,262	53,507
Proficiency	0	13,689	13,689
Periodicals	820	747	1,567
Workshop	17,325	4,800	22,125
Equipment	27,121	0	27,121
	<hr/>	<hr/>	<hr/>
Total Disbursements	330,797	382,253	713,050
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	44,316	(9,413)	34,903
Excess of Cash Receipts Over/(Under) Cash Disbursements	44,316	(9,413)	34,903
Fund cash balances July 1, 2000, as restated see Note 5	<hr/>	<hr/>	<hr/>
	498,645	26,654	525,299
Fund Cash Balances, June 30, 2001	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$542,961	\$17,241	\$560,202

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, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Internal Service</u>	<u>Agency</u>	
Operating Cash Receipts:			
Workshop	\$45,950	\$0	\$45,950
Member Fees	20,550	0	\$20,550
Miscellaneous	0	260	260
	<hr/>	<hr/>	<hr/>
Total Operating Cash Receipts	66,500	260	66,760
	<hr/>	<hr/>	<hr/>
Operating Cash Disbursements:			
Workshop	32,611	600	33,211
Management Training Seminar	27,507	0	27,507
	<hr/>	<hr/>	<hr/>
Total Operating Cash Disbursements	60,118	600	60,718
	<hr/>	<hr/>	<hr/>
Operating Income/(Loss)	6,382	(340)	6,042
	<hr/>	<hr/>	<hr/>
Net Receipts Over/(Under) Disbursements	6,382	(340)	6,042
	<hr/>	<hr/>	<hr/>
Fund cash balances, July 1, 2000, as restated see Note 5	17,243	690	17,933
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, June 30, 2001	<u>\$23,625</u>	<u>\$350</u>	<u>\$23,975</u>

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, 2001**

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 Section 3375.90 Ohio Revised Code. The Library System was incorporated on July 1, 1991. The Library System operates under an appointed Board of Trustees (13 members).

The Cleveland Area Metropolitan Library System is a jointly governed organization comprised of seventy-three 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, 2001
(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 Fund:

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 Funds:

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

Management Training Fund - This fund is used to account for operations of the Library System which conducts programs and seminars for administrators and supervisors of 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, 2001
(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>2001</u>
Demand deposits	<u>\$584,177</u>
Total deposits	<u>\$584,177</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 was 8.13% from July 1, 2000 to December 31, 2000 and the remainder of the year was 13.55% for the participants' gross salaries.

4. 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.

CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)

5. RESTATEMENT OF FUND CASH BALANCE

The Library System determined during the year ended June 30, 2001, that the Special Projects - Internal Service Fund was no longer being used for its intended purpose and was re-classified to the General Fund. The Fund Balance in the General Fund as of June 30, 2000 was restated by \$448,142 from \$50,503 to \$498,645.



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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

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, 2001, and have issued our report thereon dated November 23, 2001, wherein we noted the Library System re-classified the Special Projects-Internal Service Fund to the General Fund. 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.

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 that we 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 November 23, 2001.

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

November 23, 2001



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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
DECEMBER 20, 2001**