



**EUCLID PUBLIC LIBRARY  
CUYAHOGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 & 1999**



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

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**STATE OF OHIO**



**EUCLID PUBLIC LIBRARY  
CUYAHOGA COUNTY  
JANUARY 1, 1999 TO DECEMBER 31, 2000**

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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  
Euclid Public Library  
Cuyahoga County  
631 East 222<sup>nd</sup> Street  
Euclid, Ohio 44123

We have audited the accompanying financial statements of the Euclid Public Library, Cuyahoga County, Ohio, (the Library) as of and for the years ended December 31, 2000 and December 31, 1999. 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 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 audits provide a reasonable basis for our opinion.

As described 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 Euclid Public Library, Cuyahoga County, as of December 31, 2000 and December 31, 1999, 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 June 1, 2001 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 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 management, 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

June 1, 2001

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EUCLID PUBLIC LIBRARY  
CUYAHOGA COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
THE GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$3,561,168	\$0	\$3,561,168
Other Government Grants-In-Aid	157,137	0	157,137
Patron Fines and Fees	112,056	0	112,056
Earnings on Investments	225,750	0	225,750
Contributions, Gifts and Donations	1,848	0	1,848
Miscellaneous Receipts	6,652	0	6,652
Total Cash Receipts	<u>4,064,611</u>	<u>0</u>	<u>4,064,611</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	2,212,257	0	2,212,257
Supplies	93,527	0	93,527
Purchased and Contracted Services	467,608	7,748	475,356
Library Materials and Information	764,550	0	764,550
Other Objects	12,365	0	12,365
Capital Outlay	59,642	36,198	95,840
Total Cash Disbursements	<u>3,609,949</u>	<u>43,946</u>	<u>3,653,895</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>454,662</u>	<u>(43,946)</u>	<u>410,716</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	0	0	0
Transfers-Out	0	0	0
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	454,662	(43,946)	410,716
Fund Cash Balances, January 1, 2000	<u>2,232,545</u>	<u>1,116,687</u>	<u>3,349,232</u>
<b>Fund Cash Balances, December 31, 2000</b>	<b><u>\$2,687,207</u></b>	<b><u>\$1,072,741</u></b>	<b><u>\$3,759,948</u></b>
Reserves for Encumbrances, December 31, 2000	<u>\$102,908</u>	<u>\$0</u>	<u>\$102,908</u>

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

EUCLID PUBLIC LIBRARY  
CUYAHOGA COUNTY

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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$3,385,842	\$0	\$3,385,842
Other Government Grants-In-Aid	150,000	0	150,000
Patron Fines and Fees	105,132	0	105,132
Earnings on Investments	174,045	0	174,045
Contributions, Gifts and Donations	1,799	0	1,799
Miscellaneous Receipts	20,823	0	20,823
Total Cash Receipts	<u>3,837,641</u>	<u>0</u>	<u>3,837,641</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	2,191,478	0	2,191,478
Supplies	96,865	0	96,865
Purchased and Contracted Services	469,680	0	469,680
Library Materials and Information	755,460	0	755,460
Other Objects	12,929	0	12,929
Capital Outlay	171,405	228,753	400,158
Total Cash Disbursements	<u>3,697,817</u>	<u>228,753</u>	<u>3,926,570</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>139,824</u>	<u>(228,753)</u>	<u>(88,929)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	0	0	0
Transfers-Out	0	0	0
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	139,824	(228,753)	(88,929)
Fund Cash Balances, January 1, 1999	<u>2,092,721</u>	<u>1,345,440</u>	<u>3,438,161</u>
<b>Fund Cash Balances, December 31, 1999</b>	<b><u>\$2,232,545</u></b>	<b><u>\$1,116,687</u></b>	<b><u>\$3,349,232</u></b>
Reserves for Encumbrances, December 31, 1999	<u>\$112,414</u>	<u>\$43,946</u>	<u>\$156,360</u>

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



**EUCLID PUBLIC LIBRARY  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Euclid 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 the Euclid City School District 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.

Friends of the Euclid Libraries, Inc.

Friends of the Euclid Public Libraries, Inc. is a federal tax-exempt, not-for-profit organization under section 501(c)(3) of the Internal Revenue Code. The Friends organization was developed through community members who support the Library through fund-raising activities. The Library exercised no financial control over this not-for-profit organization. The Library received approximately \$2,562 in financial contributions during the fiscal period January 1, 1999 through December 31, 2000 from the Friends organization. Total cash assets (unaudited) of the Friends of Euclid Public Library, Inc. at December 31, 2000 amounted to \$17,301. The Friends' Annual Financial Report can be obtained through Gay Marie Goden, 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).

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

**C. Cash and Investments**

Repurchase Agreements are valued at cost. 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:

**EUCLID PUBLIC LIBRARY  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**D. Fund Accounting (Continued)**

**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:

Building Fund - This fund is used for the purpose of repairing, improving, furnishing, and equipping the existing Library.

Permanent Improvement Fund - This fund is used for the purpose of the addition/expansion project undertaken by the Library.

**E. Budgetary Process**

The Ohio Administrative Code requires that each fund be budgeted annually.

**1. 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.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**3. 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 2000 and 1999 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.

**EUCLID PUBLIC LIBRARY  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(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.

**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 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>2000</u>	<u>1999</u>
Demand deposits	\$40,458	\$7,163
Certificate of Deposit	500,000	0
Petty cash and change cash	300	300
Total deposits	<u>540,758</u>	<u>7,463</u>
Repurchase Agreement	47,000	47,000
STAR Ohio	3,172,190	3,294,769
Total investments	<u>3,219,190</u>	<u>3,341,769</u>
Total deposits and investments	<u><u>\$3,759,948</u></u>	<u><u>\$3,349,232</u></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.

**Investments:** Investments in Repurchase Agreements are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Library’s name. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**EUCLID PUBLIC LIBRARY  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,960,833	\$4,064,611	\$103,778
Capital Projects	0	0	0
Total	<u>\$3,960,833</u>	<u>\$4,064,611</u>	<u>\$103,778</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,140,384	\$3,712,857	\$2,427,527
Capital Projects	1,116,687	43,946	1,072,741
Total	<u>\$7,257,071</u>	<u>\$3,756,803</u>	<u>\$3,500,268</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,805,527	\$3,837,641	\$32,114
Capital Projects	0	0	0
Total	<u>\$3,805,527</u>	<u>\$3,837,641</u>	<u>\$32,114</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,930,752	\$3,810,231	\$2,120,521
Capital Projects	1,345,440	272,699	1,072,741
Total	<u>\$7,276,192</u>	<u>\$4,082,930</u>	<u>\$3,193,262</u>

**EUCLID PUBLIC LIBRARY  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(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 even if additional revenues are 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 Government 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 for the year ending December 31, 1999 and 10.84% for the year ending December 31, 2000. The Library has paid all contributions required through December 31, 2000.

**6. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Boiler & Machinery
- Commercial Crime

The Library also provides health insurance (hospitalization and prescription), life insurance, dental and vision coverage to eligible employees through a private carrier. The Library's liability for health care is limited to the premiums paid.

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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  
Euclid Public Library  
Cuyahoga County  
631 East 222<sup>nd</sup> Street  
Euclid, Ohio 44123

We have audited the financial statements of the Euclid Public Library, Cuyahoga County, Ohio (the Library), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated June 1, 2001. 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 the 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 June 1, 2001.

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

June 1, 2001





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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

**EUCLID 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  
JUNE 21, 2001**