

SHAKER HEIGHTS PUBLIC LIBRARY

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



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

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Board of Trustees
Shaker Heights Public Library
16500 Van Aken Blvd.
Shaker Heights, OH 44120

We have reviewed the independent auditor's report of the Shaker Heights Public Library, Cuyahoga County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 1999 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Shaker Heights Public Library is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

July 6, 2001

SHAKER HEIGHTS PUBLIC LIBRARY
CUYAHOGA, OHIO
AUDIT REPORT
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

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INDEPENDENT ACCOUNTANT'S REPORT

Board of Trustees
Shaker Heights Public Library
Cuyahoga County
16500 Van Aken Boulevard
Shaker Heights, Ohio 44120

We have audited the accompanying financial statements of the Shaker Heights Public Library, Cuyahoga County, Ohio, (the Library) as of and for the years ended December 31, 2000 and December 31, 1999, as listed in the Table of Contents. 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 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 audit provides a reasonable basis for our opinion.

As discussed in Note 1B, 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 cash and reserves for encumbrances of the Shaker Heights Public Library, Cuyahoga County, Ohio, as of December 31, 2000 and December 31, 1999, and the revenues it received and expenditures it paid for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 13, 2001 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. 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 when considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

April 13, 2001

James G. Zupka
Certified Public Accountant

SHAKER HEIGHTS PUBLIC LIBRARY
 CUYAHOGA COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
 AND CHANGES IN CASH BALANCES - ALL GOVERNMENTAL FUND
 TYPES AND SIMILAR FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2000

	General	Capital Projects	Expendable Trust	Total (Memorandum Only)
<u>Cash Receipts</u>				
Local Taxes	\$ 4,697,012	\$ 0	\$ 0	\$ 4,697,012
Refunds and Reimbursements	226,293	0	0	226,293
State Grants-in-Aid	0	0	0	0
Patron Fines and Fees	138,779	0	0	138,779
Interest on Investments	124,731	10,791	8,323	143,845
Contributions, Gifts and Donations	64,372	0	13,691	78,063
Miscellaneous	7,049	0	81	7,130
Total Cash Receipts	5,258,236	10,791	22,095	5,291,122
<u>Cash Disbursements</u>				
Current:				
Salaries and Benefits	2,935,385	0	0	2,935,385
Library Materials and Information	862,496	0	135	862,631
Materials and Supplies	86,202	0	0	86,202
Contractual Services	221,723	5,845	0	227,568
Rent and Utilities	180,425	202,033	0	382,458
Communication, Printing and Publicity	89,152	0	2,396	91,548
Maintenance and Repair	114,938	0	68	115,006
Insurance	19,289	0	0	19,289
Travel and Meeting Expense	15,456	0	0	15,456
Dues and Memberships	12,224	0	0	12,224
Other	2,247	0	0	2,247
Capital Outlay	23,526	184,413	2,087	210,026
Total Program Disbursements	4,563,063	392,291	4,686	4,960,040
Total Receipts Over (Under) Program Disbursements	695,173	(381,500)	17,409	331,082
<u>Other Financing Receipts (Disbursements)</u>				
Transfers - In	0	205,000	878	205,878
Transfer - Out	(205,000)	0	(878)	(205,878)
Total Other Financing Receipts/ (Disbursements)	(205,000)	205,000	0	0
Excess of Cash Receipts and Other Financing Receipts Over (Under) and Other Financing Disbursements	490,173	(176,500)	17,409	331,082
Fund Cash Balances January 1, 2000	1,175,542	244,117	76,333	1,495,992
Fund Cash Balances December 31, 2000	1,665,715	67,617	93,742	1,827,074
Reserve for Encumbrances December 31, 2000	\$ 488,943	\$ 30,788	\$ 1,324	\$ 521,055

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

SHAKER HEIGHTS PUBLIC LIBRARY
 CUYAHOGA COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
 AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND
 TYPES AND SIMILAR FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 1999

	General	Capital Projects	Expendable Trust	Total (Memorandum Only)
Cash Receipts				
Local Taxes	\$ 4,592,094	\$ 0	\$ 0	\$ 4,592,094
Refunds and Reimbursements	343,622	0	0	343,622
Patron Fines and Fees	133,844	0	0	133,844
Interest on Investments	52,709	6,484	2,510	61,703
Contributions	47,172	0	10,437	57,609
Miscellaneous	7,048	0	960	8,008
Total Cash Receipts	5,176,489	6,484	13,907	5,196,880
Cash Disbursements				
Current:				
Salaries and Benefits	2,895,037	0	0	2,895,037
Library Materials and Information	700,082	0	195	700,277
Materials and Supplies	80,210	0	0	80,210
Contractual Services	196,448	27,794	0	224,242
Rent and Utilities	155,530	201,359	0	356,889
Communication, Printing and Publicity	66,645	0	506	67,151
Maintenance and Repair	92,238	0	113	92,351
Insurance	18,043	0	0	18,043
Travel and Meeting Expense	10,377	0	0	10,377
Dues and Memberships	11,512	0	0	11,512
Other	1,816	0	0	1,816
Capital Outlay	46,826	228,424	2,980	278,230
Total Program Disbursements	4,274,764	457,577	3,794	4,736,135
Total Receipts Over (Under) Program Disbursements	901,725	(451,093)	10,113	460,745
Other Financing Receipts/(Disbursements)				
Transfers - In	0	588,574	0	588,574
Transfers - Out	(588,574)	0	0	(588,574)
Total Other Financing Receipts/ (Disbursements)	(588,574)	588,574	0	0
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	313,151	137,481	10,113	460,745
Fund Cash Balances January 1, 1999	862,391	106,636	66,220	1,035,247
Fund Cash Balances, December 31, 1999	1,175,542	244,117	76,333	1,495,992
Reserve for Encumbrances - December 31, 1999	\$ 353,761	\$ 173,024	\$ 557	\$ 527,342

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

SHAKER HEIGHTS PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **Description of the Entity**

The Shaker Heights Public Library (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 an appointed seven-member Board of Trustees.

The Library's management believes these financial statements present all activities for which the Library is financially accountable except the employee deferred compensation fund, maintained by an outside custodian, is not included in these financial statements.

B. **Basis of Accounting**

These financial statements were prepared on the cash basis of accounting, which is prescribed or permitted by the Auditor of State. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred.

C. **Cash and Investments**

Certificates of Deposit and Repurchase Agreements are valued at cost. The Repurchase Agreements were purchased through a Sweep account.

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 by law or contract to be restricted.

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 the trust funds). The Library had no significant capital projects during the period, but various building improvement projects expenditures were recorded in the capital projects fund.

SHAKER HEIGHTS PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Fund Accounting** (Continued)

Fiduciary Funds (Expendable Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Library had the following significant fiduciary funds:

The Bertram Woods Branch Fund is an ongoing trust fund which uses monies received for general operating needs such as purchase of materials, furniture, or required maintenance.

The Marilyn Kammer Memorial Fund is an ongoing fund which uses the monies to purchase the New York Times Best Seller Books.

The Walter N. Lawson and Sheldon Skip Baumel Funds were used to purchase local history books and materials.

The Barbara Luton Fund and the Lisa Pruett Memorial Funds were used to purchase artwork.

The Elaine Boots-Fisher Trust Fund was used to purchase Newbury and Caldecott award winning children's books.

E. **Budgetary Process**

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

SHAKER HEIGHTS PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 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. The County Budget Commission must also approve estimated resources.

Encumbrances

The Ohio Revised 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.

A summary of 2000 and 1999 budgetary activity appears in Note 4.

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.

H. **Total Columns on Statements - Overview**

Total columns on the Statements-Overview are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis.

SHAKER HEIGHTS PUBLIC LIBRARY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 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 was as follows:

	2000	1999
General Operating Account	\$ 20,207	\$ 88,723
Total Deposits	20,207	88,723
STAROhio	835,477	750,000
Sweep/Repurchase Agreement	971,390	636,394
Trust Account Stock	0	20,875
Total Investments	1,806,867	1,407,269
Total Deposits and Investments	\$ 1,827,074	\$1,495,992

NOTE 3: **DEPOSITS**

Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

Investments: Repurchase Agreements are uninsured investments held by the financial institution. The financial institution maintains records identifying the Library as owner of these securities. Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

NOTE 4: **BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2000 was as follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$5,133,255	\$5,258,236	\$ 124,981
Special Revenue	0	0	0
Capital Projects	477,674	215,791	(261,883)
Fiduciary	12,704	22,973	10,269
Total	\$5,623,633	\$5,497,000	\$(126,633)

SHAKER HEIGHTS PUBLIC LIBRARY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 4: **BUDGETARY ACTIVITY** (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$6,308,797	\$5,257,006	\$1,051,791
Capital Projects	548,767	423,079	125,688
Fiduciary	87,601	6,888	80,713
Total	<u>\$6,945,165</u>	<u>\$5,686,973</u>	<u>\$1,258,192</u>

Budgetary activity for the year ending December 31, 1999 was as follows:

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$5,022,421	\$5,176,489	\$ 154,068
Capital Projects	603,574	595,058	(8,516)
Fiduciary	9,675	13,907	4,232
Total	<u>\$5,635,670</u>	<u>\$5,785,454</u>	<u>\$ 149,784</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$5,609,063	\$5,217,099	\$ 391,964
Capital Projects	637,450	630,601	6,849
Fiduciary	74,759	4,351	70,408
Total	<u>\$6,321,272</u>	<u>\$5,852,051</u>	<u>\$ 469,221</u>

SHAKER HEIGHTS PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 5: **PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. 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 local taxes. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due January 20. The second half payment is due the following June 20.

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. The Library has a 4 mill levy which is voted on by the residents of Shaker Heights.

NOTE 6: **RETIREMENT SYSTEMS**

The Library's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. The Library contributed an amount equal to 19.5 percent of their wages. PERS members contributed 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.31 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2000.

NOTE 7: **RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- 7 Comprehensive property and general liability
- 7 Vehicles
- 7 Errors and omissions

The Library also provides health, dental, and life insurance and disability coverage to full-time and three-quarter time employees through a private carrier.

SHAKER HEIGHTS PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 8: **DEBT**

The Shaker Heights Public Library had no outstanding debt as of December 31, 2000 and 1999.

JAMES G. ZUPKA, C.P.A., INC.
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5240 East 98th Street
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**REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Shaker Heights Public Library
Shaker Heights, Ohio

We have audited the financial statements of the Shaker Heights 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 April 13, 2001. 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'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'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 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.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

April 13, 2001

James G. Zupka
Certified Public Accountant



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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SHAKER HEIGHTS 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
JULY 26, 2001**