



**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2004 & 2003



**Auditor of State
Betty Montgomery**

WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Wickliffe Public Library
Lake County
1713 Lincoln Road
Wickliffe, Ohio 44092

To the Board of Trustees:

We have audited the accompanying financial statements of the Wickliffe Public Library, Lake County, Ohio, (the Library) as of and for the years ended December 31, 2004 and December 31, 2003. 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 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.

The Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code §117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11 (B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides 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 of the Wickliffe Public Library, Lake County, Ohio, as of December 31, 2004 and December 31, 2003, 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 11, 2005, 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.

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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 Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 11, 2005

**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$280,561	\$0	\$280,561
Other Government Grants-In-Aid	883,846	0	883,846
Patron Fines and Fees	30,478	0	30,478
Earnings on Investments	21,359	0	21,359
Contributions, Gifts and Donations	303	0	303
Miscellaneous Receipts	18,388	0	18,388
	<u>1,234,935</u>	<u>0</u>	<u>1,234,935</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries and Benefits	810,528	13,751	824,279
Purchased and Contracted Services	94,491	44,964	139,455
Library Materials and Information	275,067	0	275,067
Supplies	26,105	0	26,105
Other	6,306	0	6,306
Capital Outlay	0	39,008	39,008
	<u>1,212,497</u>	<u>97,723</u>	<u>1,310,220</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>22,438</u>	<u>(97,723)</u>	<u>(75,285)</u>
Other Financing Receipts/(Disbursements):			
Sale of Fixed Assets	<u>1,979</u>	<u>0</u>	<u>1,979</u>
Total Other Financing Receipts/(Disbursements)			
	<u>1,979</u>	<u>0</u>	<u>1,979</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements			
	24,417	(97,723)	(73,306)
Fund Cash Balances, January 1, 2004	<u>691,375</u>	<u>1,180,546</u>	<u>1,871,921</u>
Fund Cash Balances, December 31, 2004	<u><u>\$715,792</u></u>	<u><u>\$1,082,823</u></u>	<u><u>\$1,798,615</u></u>

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

**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$300,759	\$0	\$300,759
Other Government Grants-In-Aid	881,117	0	881,117
Patron Fines and Fees	31,094	0	31,094
Earnings on Investments	26,310	0	26,310
Contributions, Gifts and Donations	645	0	645
Miscellaneous Receipts	18,787	0	18,787
	<u>1,258,712</u>	<u>0</u>	<u>1,258,712</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	780,008	0	780,008
Purchased and Contracted Services	96,087	49,361	145,448
Library Materials and Information	240,778	0	240,778
Supplies	25,809	0	25,809
Other Objects	6,153	0	6,153
Capital Outlay	405	33,520	33,925
	<u>1,149,240</u>	<u>82,881</u>	<u>1,232,121</u>
Total Cash Disbursements	<u>1,149,240</u>	<u>82,881</u>	<u>1,232,121</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>109,472</u>	<u>(82,881)</u>	<u>26,591</u>
Other Financing Receipts/(Disbursements):			
Sale of Fixed Assets	1,864	0	1,864
	<u>1,864</u>	<u>0</u>	<u>1,864</u>
Total Other Financing Receipts/(Disbursements)	<u>1,864</u>	<u>0</u>	<u>1,864</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	111,336	(82,881)	28,455
Fund Cash Balances, January 1, 2003	580,039	1,263,427	1,843,466
Fund Cash Balances, December 31, 2003	<u><u>\$691,375</u></u>	<u><u>\$1,180,546</u></u>	<u><u>\$1,871,921</u></u>

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

**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Wickliffe Public Library, Lake County, Ohio, (the Library) as a body corporate and politic. The Wickliffe Board of Education appoints a seven-member Board of Trustees to govern the Library. 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.

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Investments

The Library's accounting basis includes investments as assets. Accordingly, the Library does not record investment purchases as disbursements or investment sales as receipts.

The Library records the Victory money market fund at share values the mutual fund reports. During both fiscal years the Library invested in Federal securities which were not outstanding at fiscal year end. These investments were valued at cost while they were owned.

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:

1. General Fund

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

2. Capital Project Fund

This fund accounts for receipts that are restricted to acquiring or constructing major capital projects. The Library had the following significant capital project fund:

Building Expansion Fund – This fund is used for the purpose of repairing, improving, furnishing, and equipping the existing library facilities.

**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u>2004</u>	<u>2003</u>
Demand deposits	<u>\$1,537,065</u>	<u>\$6,226</u>
Total deposits	<u>1,537,065</u>	<u>6,226</u>
Victory Money Market Fund	<u>261,550</u>	<u>1,865,695</u>
Total investments	<u>261,550</u>	<u>1,865,695</u>
Total deposits and investments	<u><u>\$1,798,615</u></u>	<u><u>\$1,871,921</u></u>

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

Investments: Investments in mutual funds are not evidenced by securities existing in physical or book-entry form.

**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,240,515	\$1,212,497	\$28,018
Capital Projects	260,788	97,723	163,065
Total	\$1,501,303	\$1,310,220	\$191,083

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,313,841	\$1,149,240	\$164,601
Capital Projects	892,854	82,881	809,973
Total	\$2,206,695	\$1,232,121	\$974,574

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 State allocates LLGSF 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 population, circulation and ratio of library material expenditures to total expenditures. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

Property owners assess tangible personal property tax. These owners must file a list of tangible 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.

**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

5. RETIREMENT SYSTEM

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. The Ohio Revised Code and OPERS prescribes retirement benefits to vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees.

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2004.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Library also provides health, vision, and dental insurance to full-time employees who work 25 or more hours per week through a private carrier. The Library's liability for health care is limited to the premiums paid and the maximum deductible paid for each covered employee.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Wickliffe Public Library
Lake County
1713 Lincoln Road
Wickliffe, Ohio 44092

To the Board of Trustees:

We have audited the accompanying financial statements of Wickliffe Public Library, Lake County, Ohio (the Library) as of and for the years ended December 31, 2004 and December 31, 2003, and have issued our report thereon dated March 11, 2005, wherein we noted that the Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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'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 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 11, 2005.

This report is intended solely for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 11, 2005



**Auditor of State
Betty Montgomery**

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WICKLIFFE PUBLIC LIBRARY

LAKE 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
MAY 5, 2005**