



**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, 2002 and December 31, 2001. 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 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 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 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 of the Wickliffe Public Library, Lake County, Ohio, as of December 31, 2002 and December 31, 2001, 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 April 9, 2003 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 audits.

This report is intended solely for the information and use of the audit committee, 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.

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

Betty Montgomery
Auditor of State

April 9, 2003

**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$243,647	\$0	\$243,647
Other Governments Grants In Aid	935,364	0	935,364
Patron Fines and Fees	32,435	0	32,435
Earnings on Investments	43,342	0	43,342
Contributions, Gifts and Donations	550	35	585
Miscellaneous Receipts	15,595	0	15,595
	<u>1,270,933</u>	<u>35</u>	<u>1,270,968</u>
Total Cash Receipts			
	<u>1,270,933</u>	<u>35</u>	<u>1,270,968</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	776,927	0	776,927
Purchased and Contracted Services	92,634	38,511	131,145
Library Materials and Information	238,561	0	238,561
Supplies	25,146	0	25,146
Other	7,062	0	7,062
Capital Outlay	0	13,207	13,207
	<u>1,140,330</u>	<u>51,718</u>	<u>1,192,048</u>
Total Cash Disbursements			
	<u>1,140,330</u>	<u>51,718</u>	<u>1,192,048</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>130,603</u>	<u>(51,683)</u>	<u>78,920</u>
Fund Cash Balances, January 1, 2002	<u>449,436</u>	<u>1,315,110</u>	<u>1,764,546</u>
Fund Cash Balances, December 31, 2002	<u><u>\$580,039</u></u>	<u><u>\$1,263,427</u></u>	<u><u>\$1,843,466</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
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$263,004	\$0	\$263,004
Other Governments Grants In Aid	1,002,317	0	1,002,317
Patron Fines and Fees	29,791	0	29,791
Earnings on Investments	67,744	0	67,744
Contributions, Gifts and Donations	1,465	100	1,565
Miscellaneous Receipts	10,935	0	10,935
	<u>1,375,256</u>	<u>100</u>	<u>1,375,356</u>
Total Cash Receipts			
	<u>1,375,256</u>	<u>100</u>	<u>1,375,356</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	729,246	0	729,246
Purchased and Contracted Services	107,137	14,711	121,848
Library Materials and Information	262,021	0	262,021
Supplies	29,643	0	29,643
Other	8,356	0	8,356
Capital Outlay	968	11,289	12,257
	<u>1,137,371</u>	<u>26,000</u>	<u>1,163,371</u>
Total Cash Disbursements			
	<u>1,137,371</u>	<u>26,000</u>	<u>1,163,371</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>237,885</u>	<u>(25,900)</u>	<u>211,985</u>
Fund Cash Balances, January 1, 2001	<u>211,551</u>	<u>1,341,010</u>	<u>1,552,561</u>
Fund Cash Balances, December 31, 2001	<u><u>\$449,436</u></u>	<u><u>\$1,315,110</u></u>	<u><u>\$1,764,546</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, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Wickliffe Public Library, Lake County, Ohio, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a seven-member Board of Trustees appointed by Wickliffe 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 provide significant ongoing financial support to the Library. The Library has no material component units.

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

The Library invested in a Money Market account and Federal Home Loan Securities, which are valued at cost.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Capital Project Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following significant Capital Project Fund:

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

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 2002 and 2001 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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

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:

	2002	2001
Demand deposits	\$13,820	\$114,792
Money Market	1,339,517	675,093
Total deposits	1,353,337	789,885
Federal Home Loan Securities	490,129	974,661
Total investments	490,129	974,661
Total deposits and investments	\$1,843,466	\$1,764,546

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library.

**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Investments: Federal Home Loan Securities are held in book-entry form by the Federal Reserve, in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,314,131	\$1,140,330	\$173,801
Capital Projects	147,032	51,718	95,314
Total	\$1,461,163	\$1,192,048	\$269,115

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,343,659	\$1,137,371	\$206,288
Capital Projects	127,032	26,000	101,032
Total	\$1,470,691	\$1,163,371	\$307,320

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 the Library's population, circulation, and percentage of materials expense to operating expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives. This revenue is reflected as Other Governments Grants In Aid in the accompanying financial statements.

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.

**WICKLIFFE PUBLIC LIBRARY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)

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 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 2002 and 2001. The Library has paid all contributions required through December 31, 2002.

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.



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 financial statements of the Wickliffe Public Library, Lake County, Ohio, (the Library) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated April 9, 2003. We conducted our audits 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 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*.

However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated April 9, 2003.

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 April 9, 2003.

Wickliffe Public Library
Lake County
Independent Accountants Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the audit committee, management and 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

April 9, 2003



**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 20, 2003**