



**CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2006



Mary Taylor, CPA
Auditor of State

**CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM
CUYAHOGA COUNTY**

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Mary Taylor, CPA
Auditor of State

Cleveland Area Metropolitan Library System
Cuyahoga County
20600 Chagrin Boulevard
Shaker Heights, Ohio 44122

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

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Auditor of State

February 27, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Cleveland Area Metropolitan Library System
Cuyahoga County
20600 Chagrin Boulevard
Shaker Heights, Ohio 44122

To the Board of Trustees:

We have audited the accompanying financial statements of the Cleveland Area Metropolitan Library System, Cuyahoga County, Ohio, (CAMLS) as of and for the year ended June 30, 2006. These financial statements are the responsibility of CAMLS' 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, CAMLS has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require CAMLS to reformat its financial statement presentation and make other changes effective for the year ended June 30, 2006. Instead of the combined funds the accompanying financial statements present for 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006. While CAMLS does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. CAMLS has elected not to reformat its statements. CAMLS does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended June 30, 2006, does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of CAMLS as of June 30, 2006, or its changes in financial position for the years then ended.

Also in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of CAMLS, Cuyahoga County, Ohio, as of June 30, 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires CAMLS to include Management's Discussion and Analysis for the year ended June 30, 2006. CAMLS has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2007, on our consideration of CAMLS' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

February 27, 2007

**CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Membership Fees	\$169,255	\$0	\$169,255
Intergovernmental	0	200,977	200,977
Changes for Services	95,561	0	95,561
Earnings on Investments	21,778	0	21,778
Miscellaneous	10,785	0	10,785
	<u>297,379</u>	<u>200,977</u>	<u>498,356</u>
Total Cash Receipts			
	<u>297,379</u>	<u>200,977</u>	<u>498,356</u>
Cash Disbursements:			
Salaries and Benefits	192,698	172,085	364,783
Purchased and Contracted Services	270,114	28,893	299,007
Supplies	9,056	0	9,056
Travel	12,117	0	12,117
Equipment & Software	40,558	0	40,558
Rent	28,658	0	28,658
Other Objects	17,372	0	17,372
	<u>570,573</u>	<u>200,978</u>	<u>771,551</u>
Total Cash Disbursements			
	<u>570,573</u>	<u>200,978</u>	<u>771,551</u>
Total Receipts Over/(Under) Disbursements	<u>(273,194)</u>	<u>(1)</u>	<u>(273,195)</u>
Other Financing Receipts and (Disbursements):			
Transfers-In	6,827	0	6,827
Transfers-Out	0	(83)	(83)
	<u>6,827</u>	<u>(83)</u>	<u>6,744</u>
Total Other Financing Receipts/(Disbursements)			
	<u>6,827</u>	<u>(83)</u>	<u>6,744</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(266,367)</u>	<u>(84)</u>	<u>(266,451)</u>
Fund Cash Balances, July 1, 2005	<u>524,286</u>	<u>84</u>	<u>524,370</u>
Fund Cash Balances, June 30, 2006	<u><u>\$257,919</u></u>	<u><u>\$0</u></u>	<u><u>\$257,919</u></u>

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

**CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Proprietary Fund Type Internal Service</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$544	\$0	\$544
Total Operating Cash Receipts	<u>544</u>	<u>0</u>	<u>544</u>
Operating Cash Disbursements:			
Travel	56	0	56
Miscellaneous	5,212	725	5,937
Total Operating Cash Disbursements	<u>5,268</u>	<u>725</u>	<u>5,993</u>
Operating Income/(Loss)	<u>(4,724)</u>	<u>(725)</u>	<u>(5,449)</u>
Transfers-Out	<u>(6,744)</u>	<u>0</u>	<u>(6,744)</u>
Net Receipts Over/(Under) Disbursements	(11,468)	(725)	(12,193)
Fund Cash Balances, July 1, 2005	<u>11,468</u>	<u>725</u>	<u>12,193</u>
Fund Cash Balances, June 30, 2006	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

**CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Cleveland Area Metropolitan Library System, Cuyahoga County, Ohio, (CAMLS) 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. CAMLS is a Regional Library System as chartered by the State Library Board under the authority of Section 3375.90 Ohio Revised Code. CAMLS was incorporated on July 1, 1991 and is directed by an appointed thirteen member Board of Trustees.

CAMLS is a jointly governed organization comprised of sixty-four public, academic, special and school libraries. The organization was formed for the purpose of providing an effective and efficient sharing of information, resources, and expertise. Each member provides membership dues to CAMLS made in accordance with a formula based on their operating budget.

The 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. The Executive Director serves as an ex-officio, non-voting member.

CAMLS' management believes these financial statements present all activities for which CAMLS is financially accountable.

B. Basis of Accounting

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

These statements adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

CAMLS' accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. CAMLS reports gains or losses at the time of sale as receipts or disbursements, respectively.

D. Fund Accounting

CAMLS uses fund accounting to segregate cash and investments that are restricted as to use. CAMLS classifies its funds into the following types:

1. General Fund

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

**CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. 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. CAMLS 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.

3. Internal Service Fund

This fund is used to account for operations of CAMLS which provide goods or services to other departments of CAMLS on a cost-reimbursement basis. CAMLS had the following significant Internal Service Funds:

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

Management Training Program Fund - This fund is used to account for operations of the Library System which conducts programs and seminars for administrators and supervisors or other members of the Library System on a cost-reimbursement basis.

North Coast Neighbors Share of Book Fund - This fund is used to account for operations which provide the "North Coast Neighbors Share a Book" program for other members on a cost-reimbursement basis.

4. Fiduciary Fund (Agency Fund)

Fund for which CAMLS is acting in an agency capacity is classified as an agency fund. CAMLS had the following significant Agency Fund:

LLOhio Scholarship Fund - This fund is used to account for the revenues derived from alumni donations.

E. Budgetary Process

CAMLS is not bound by the budgetary laws prescribed by the Ohio Revised Code. CAMLS 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.

**CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 CAMLS' basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

CAMLS maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. As of June 30, 2006, all monies were in demand deposits and the carrying amount totaled \$257,919.

The demand deposits were either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

3. RETIREMENT SYSTEMS

CAMLS employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006, OPERS members contributed 8.5 percent of their wages. CAMLS contributed an amount equal to 13.55 percent of participants' gross salaries. CAMLS has paid all contributions required through June 30, 2006.

4. RISK MANAGEMENT

CAMLS has obtained commercial insurance for the following risks:

- Commercial inland marine coverage; and
- Employee dishonesty.

CAMLS also provides health insurance coverage and dental benefits to employees who work over 20 hours per pay period. CAMLS liability for health care is limited to the premiums paid.

5. SUBSEQUENT EVENTS

Based on a decision by the State Library, on July 1, 2006 CAMLS merged with other regional libraries to form the new Northeast Regional Library. CAMLS' combined cash fund balances totaled \$257,919 as of June 30, 2006. Of this balance, \$225,000 was paid to the new Northeast Regional Library and the remaining balance was used to pay closing costs. Any unspent monies will be remitted to the new Northeast Regional Library.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Cleveland Area Metropolitan Library System
Cuyahoga County
20600 Chagrin Boulevard
Shaker Heights, Ohio 44122

To the Board of Trustees:

We have audited the financial statements of the Cleveland Area Metropolitan Library System, Cuyahoga County, Ohio, (CAMLS) as of and for the year ended June 30, 2006, and have issued our report thereon dated February 27, 2007, wherein we noted CAMLS followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered CAMLS' internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether CAMLS' financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Cleveland Area Metropolitan Library System
Cuyahoga County
Independent Accountants' Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Required by
Government Auditing Standards
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We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The script is cursive and fluid.

Mary Taylor, CPA
Auditor of State

February 27, 2007



Mary Taylor, CPA
Auditor of State

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
MARCH 13, 2007**