



**Auditor of State
Betty Montgomery**

**WILLOUGHBY-EASTLAKE PUBLIC LIBRARY
LAKE COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Willoughby-Eastlake Public Library
Lake County
263 East 305th Street
Willowick, OH 44095

To the Board of Trustees:

We have audited the accompanying financial statements of the Willoughby-Eastlake 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 Willoughby-Eastlake 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 January 31, 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

January 31, 2003

**WILLOUGHBY-EASTLAKE PUBLIC LIBRARY
LAKE COUNTY**

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

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Intergovernmental	\$2,333,545	\$0	\$0	\$0	\$2,333,545
Property and Other Local Taxes	1,605,822	0	0	0	1,605,822
Other Government Grants-In-Aid	0	250	0	0	250
Patron Fines and Fees	83,484	0	0	0	83,484
Earnings on Investments	50,271	0	0	502	50,773
Services Provided to Other Entities	145	0	0	0	145
Contributions, Gifts and Donations	270	0	0	0	270
Miscellaneous Receipts	21,445	0	0	0	21,445
Total Cash Receipts	4,094,982	250	0	502	4,095,734
Cash Disbursements:					
Current:					
Salaries and Benefits	2,195,442	0	0	0	2,195,442
Supplies	72,765	0	0	0	72,765
Purchased and Contracted Services	535,513	0	2,000	0	537,513
Library Materials and Information	859,995	0	0	303	860,298
Other Objects	22,987	0	0	0	22,987
Capital Outlay	114,853	0	200,000	0	314,853
Total Cash Disbursements	3,801,555	0	202,000	303	4,003,858
Total Cash Receipts Over/(Under) Cash Disbursements	293,427	250	(202,000)	199	91,876
Other Financing Receipts/(Disbursements):					
Transfers-In	0	0	260,000	0	260,000
Transfers-Out	(260,000)	0	0	0	(260,000)
Total Other Financing Receipts/(Disbursements)	(260,000)	0	260,000	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	33,427	250	58,000	199	91,876
Fund Cash Balances, January 1, 2002	1,704,035	(250)	509,158	14,479	2,227,422
Fund Cash Balances, December 31, 2002	\$1,737,462	\$0	\$567,158	\$14,678	\$2,319,298

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

**WILLOUGHBY-EASTLAKE PUBLIC LIBRARY
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Intergovernmental	\$2,472,699	\$0	\$0	\$0	\$2,472,699
Property and Other Local Taxes	1,660,001	0	0	0	1,660,001
Other Government Grants-In-Aid	0	14,468	0	0	14,468
Patron Fines and Fees	64,627	0	0	0	64,627
Earnings on Investments	84,376	0	3,303	563	88,242
Services Provided to Other Entities	4,245	0	0	0	4,245
Contributions, Gifts and Donations	2,715	0	0	0	2,715
Miscellaneous Receipts	14,832	0	0	0	14,832
Total Cash Receipts	4,303,495	14,468	3,303	563	4,321,829
Cash Disbursements:					
Current:					
Salaries and Benefits	2,041,971	0	0	0	2,041,971
Supplies	74,513	0	0	0	74,513
Purchased and Contracted Services	534,058	14,718	0	0	548,776
Library Materials and Information	781,675	0	0	0	781,675
Other Objects	25,935	0	0	0	25,935
Capital Outlay	138,040	0	0	0	138,040
Total Cash Disbursements	3,596,192	14,718	0	0	3,610,910
Total Cash Receipts Over/(Under) Cash Disbursements	707,303	(250)	3,303	563	710,919
Other Financing Receipts/(Disbursements):					
Transfers-In	0	0	260,000	0	260,000
Transfers-Out	(260,000)	0	0	0	(260,000)
Total Other Financing Receipts/(Disbursements)	(260,000)	0	260,000	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	447,303	(250)	263,303	563	710,919
Fund Cash Balances, January 1, 2001	1,256,732	0	245,855	13,916	1,516,503
Fund Cash Balances, December 31, 2001	\$1,704,035	(\$250)	\$509,158	\$14,479	\$2,227,422

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

**WILLOUGHBY-EASTLAKE 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

Willoughby-Eastlake Public Library, Lake 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 Ohio. The Library is directed by a (number)-member Board of Trustees appointed by (Board or Entity). The Library provides the community with various educational and literary resources.

The Library's management believes these financial statements present all significant 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. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit 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:

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.

**WILLOUGHBY-EASTLAKE 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. 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. The Library had the following significant Special Revenue Fund:

LSTA Fund - This fund is used to account for proceeds from the LSTA Grant.

3. Capital Project Fund

This fund is 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 fund:

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

4. Fiduciary Fund (Trust Fund)

The Trust fund is 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 fund:

Worrallo Trust - This endowment fund is used for the purchase of books.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures 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.

**WILLOUGHBY-EASTLAKE PUBLIC LIBRARY
LAKE COUNTY**

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

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	\$1,147,780	\$675,814
Certificates of deposit	213,964	856,621
Total deposits	1,361,744	1,532,435
STAR Ohio	707,554	694,987
U.S. Government Bonds	250,000	0
Total investments	957,554	694,987
Total deposits and investments	\$2,319,298	\$2,227,422

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Library.

Investments: U.S. Government Bonds 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. Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

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	\$5,829,867	\$4,061,555	\$1,768,312
Capital Projects	225,000	202,000	23,000
Fiduciary	1,000	303	697
Total	\$6,055,867	\$4,263,858	\$1,792,009

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,468,317	\$3,856,192	\$1,612,125
Special Revenue	14,718	14,718	0
Total	\$5,483,035	\$3,870,910	\$1,612,125

Contrary to Ohio law, at December 31, 2001, the Library's Special Revenue (Grants) fund had a deficit fund balance of \$250.

**WILLOUGHBY-EASTLAKE PUBLIC LIBRARY
LAKE COUNTY**

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

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

**WILLOUGHBY-EASTLAKE PUBLIC LIBRARY
LAKE COUNTY**

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

6. RISK MANAGEMENT

Commercial Insurance

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 insurance and dental coverage to full-time employees who work 40 or more hours per week through a private carrier. The Library's liability for health care is limited to the premiums paid.

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

Willoughby-Eastlake Public Library
Lake County
263 East 305th Street
Willowick, Ohio 44095

To the Board of Trustees:

We have audited the financial statements of the Willoughby-Eastlake 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 January 31, 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 January 31, 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.

Willoughby-Eastlake Public Library
Lake County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

January 31, 2003



**Auditor of State
Betty Montgomery**

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WILLOUGHBY-EASTLAKE 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
MARCH 6, 2003**