



**WILLOUGHBY-EASTLAKE PUBLIC LIBRARY  
LAKE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED JUNE 30, 2000 & 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**WILLOUGHBY-EASTLAKE PUBLIC LIBRARY  
LAKE COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Willoughby-Eastlake Public Library  
Lake County  
263 East 305<sup>th</sup> Street  
Willowick, Ohio 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, 2000 and December 31, 1999. 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 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 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. 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 and reserves for encumbrances of the Willoughby-Eastlake Public Library, Lake County, Ohio, as of December 31, 2000 and December 31, 1999, 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 5, 2001 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.

**Jim Petro**  
Auditor of State

March 5, 2001

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**WILLOUGHBY-EASTLAKE PUBLIC LIBRARY  
LAKE COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Type</u>		<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$3,968,037	\$0	\$0	\$3,968,037
Intergovernmental Revenue	157,985	0	0	157,985
Patron Fines and Fees	56,126	0	0	56,126
Earnings on Investments	73,606	5,334	565	79,505
Contributions, Gifts and Donations	1,850	0	0	1,850
Miscellaneous Receipts	14,227	0	0	14,227
<b>Total Cash Receipts</b>	<b>4,271,831</b>	<b>5,334</b>	<b>565</b>	<b>4,277,730</b>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	1,714,878	0	0	1,714,878
Supplies	55,553	0	0	55,553
Purchased and Contracted Services	531,222	0	0	531,222
Library Materials and Information	737,552	0	0	737,552
Other Objects	17,163	0	0	17,163
Capital Outlay	381,052	0	0	381,052
<b>Total Cash Disbursements</b>	<b>3,437,420</b>	<b>0</b>	<b>0</b>	<b>3,437,420</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>834,411</b>	<b>5,334</b>	<b>565</b>	<b>840,310</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	0	240,000	0	240,000
Transfers-Out	(240,000)	0	0	(240,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(240,000)</b>	<b>240,000</b>	<b>0</b>	<b>0</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>594,411</b>	<b>245,334</b>	<b>565</b>	<b>840,310</b>
Fund Cash Balances, January 1, 2000	662,322	520	13,351	676,193
<b>Fund Cash Balances, December 31, 2000</b>	<b>\$1,256,733</b>	<b>\$245,854</b>	<b>\$13,916</b>	<b>\$1,516,503</b>
Reserves for Encumbrances, December 31, 2000	\$260,262	\$0	\$0	\$260,262

*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 - GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Type</u>		<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$2,480,120	\$0	\$0	\$2,480,120
Intergovernmental Revenue	28,501	0	0	28,501
Patron Fines and Fees	51,088	0	0	51,088
Earnings on Investments	34,840	0	0	34,840
Contributions, Gifts and Donations	2,185	0	0	2,185
Miscellaneous Receipts	12,079	0	0	12,079
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	2,608,813	0	0	2,608,813
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	1,379,175	0	0	1,379,175
Supplies	42,299	0	0	42,299
Purchased and Contracted Services	433,122	0	0	433,122
Library Materials and Information	461,102	0	0	461,102
Other Objects	17,062	0	0	17,062
Capital Outlay	45,583	0	0	45,583
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	2,378,343	0	0	2,378,343
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	230,470	0	0	230,470
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	9	85	1,800	1,894
Transfers-Out	(1,885)	(9)	0	(1,894)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(1,876)	76	1,800	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	228,594	76	1,800	230,470
Fund Cash Balances, January 1, 1999	<hr/>	<hr/>	<hr/>	<hr/>
	433,728	444	11,551	445,723
<b>Fund Cash Balances, December 31, 1999</b>	<u><b>\$662,322</b></u>	<u><b>\$520</b></u>	<u><b>\$13,351</b></u>	<u><b>\$676,193</b></u>
Reserves for Encumbrances, December 31, 1999	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$264,433</u>	<u>\$0</u>	<u>\$0</u>	<u>\$264,433</u>

*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, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Willoughby-Eastlake 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 the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by Willoughby-Eastlake 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 are fiscally dependent on the Library in that the Library approves their budget, the issuance of their debt or the levying of their taxes. The Library has no component units.

The following entity which performs activities within the Library's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the Library is not financially accountable for these entities nor are they fiscally dependent on the Library.

Friends of the Willoughby-Eastlake Public Library was organized to maintain an association of persons interested in libraries; to focus public attention on the Willoughby-Eastlake Public Library; to stimulate the use of the library's resources and services; to receive and encourage gifts, endowments and bequests to the library; to support and cooperate with the library in developing library services and facilities for the community; The Library exercised no financial control over this organization. The Library received no financial contributions from the Friends organization during fiscal period January 1, 1999 through December 31, 2000. Total cash assets (unaudited) of the Friends of Willoughby-Eastlake Public Library at December 31, 2000 amounted to \$9,620. The Friends Treasurer's Report (unaudited) can be obtained through Jim Cromie, Treasurer.

**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.

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.

**WILLOUGHBY-EASTLAKE PUBLIC LIBRARY  
LAKE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**2. Capital Project Fund**

This funds are 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.

**3. Fiduciary Fund (Trust Fund)**

The Expendable 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 Expendable Trust Fund:

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

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) should not exceed appropriations at the fund, function level of control. The Board of Trustees and the Willoughby-Eastlake Board of Education must annually approve appropriation measures and subsequent amendments. The Library sends a copy of the annual appropriation measure and subsequent amendments to the County Budget Commission. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**WILLOUGHBY-EASTLAKE PUBLIC LIBRARY  
LAKE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)**

**3. Encumbrances**

The Ohio Administrative 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 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. 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.

**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:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$292,077	\$330,584
Certificates of deposit	<u>557,092</u>	<u>13,351</u>
Total deposits	<u>849,169</u>	<u>343,935</u>
STAR Ohio	<u>667,334</u>	<u>332,258</u>
Total investments	<u>667,334</u>	<u>332,258</u>
Total deposits and investments	<u><u>\$1,516,503</u></u>	<u><u>\$676,193</u></u>

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

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

**WILLOUGHBY-EASTLAKE PUBLIC LIBRARY  
LAKE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(CONTINUED)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,120,055	\$4,271,831	\$151,776
Capital Projects	240,025	245,334	5,309
Fiduciary	600	565	(35)
Total	<u>\$4,360,680</u>	<u>\$4,517,730</u>	<u>\$157,050</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,782,377	\$3,937,682	\$844,695
Capital Projects	0	0	0
Fiduciary	0	0	0
Total	<u>\$4,782,377</u>	<u>\$3,937,682</u>	<u>\$844,695</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,580,067	\$2,608,822	\$28,755
Capital Projects	0	85	85
Fiduciary	0	1,800	1,800
Total	<u>\$2,580,067</u>	<u>\$2,610,707</u>	<u>\$30,640</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,013,794	\$2,644,661	\$369,133
Capital Projects	0	9	(9)
Fiduciary	0	0	0
Total	<u>\$3,013,794</u>	<u>\$2,644,670</u>	<u>\$369,124</u>

**WILLOUGHBY-EASTLAKE PUBLIC LIBRARY  
LAKE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(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 on account of any additional revenues realized by the Library.

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 also 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 1999 and 10.84% for 2000. The Library has paid all contributions required through December 31, 2000.

**6. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- 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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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Willoughby-Eastlake Public Library  
Lake County  
263 East 305<sup>th</sup> 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, 2000 and 1999, and have issued our report thereon dated March 5, 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 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 March 5, 2001.

This report is intended 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.

**Jim Petro**  
Auditor of State

March 5, 2001





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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 27, 2001**