



**CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2004



**Auditor of State
Betty Montgomery**

**CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM
CUYAHOGA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Cleveland Area Metropolitan Library System
Cuyahoga County
20600 Chagrin Boulevard, Suite 500
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, 2004. 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 *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 audit provides a reasonable basis for our opinion.

As described in Note 1, CAMLS 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 Cleveland Area Metropolitan Library System, Cuyahoga County, as of June 30, 2004, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2004 on our consideration of CAMLS 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, the 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".

Betty Montgomery
Auditor of State

November 23, 2004

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**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, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Memberships	\$172,741	\$0	\$172,741
Intergovernmental	0	273,058	273,058
Interest	1,430	0	1,430
Contracts/Consulting	13,600	0	13,600
Workshop	41,432	0	41,432
Miscellaneous	5,829	0	5,829
	<u>235,032</u>	<u>273,058</u>	<u>508,090</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	84,828	164,248	249,076
Fringes	55,430	24,467	79,897
Supplies	8,929	0	8,929
Travel	14,562	0	14,562
Contracts	81,256	45,543	126,799
Other	50,626	4,689	55,315
Periodicals	1,157	0	1,157
Workshop	0	5,901	5,901
Equipment	4,986	0	4,986
	<u>301,774</u>	<u>244,848</u>	<u>546,622</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(66,742)</u>	<u>28,210</u>	<u>(38,532)</u>
Fund Cash Balances, July 1, 2003	<u>557,173</u>	<u>3,920</u>	<u>561,093</u>
Fund Cash Balances, June 30, 2004	<u>\$490,431</u>	<u>\$32,130</u>	<u>\$522,561</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, 2004**

	<u>Proprietary Fund Type</u> <u>Internal Service</u>	<u>Fiduciary Fund Type</u> <u>Agency</u>	<u>Totals</u> <u>(Memorandum Only)</u>
Operating Cash Receipts:			
Workshop	\$6,750	\$0	\$6,750
Northcoast Neighbors	<u>32,436</u>	<u>0</u>	<u>32,436</u>
Total Operating Cash Receipts	<u>39,186</u>	<u>0</u>	<u>39,186</u>
Operating Cash Disbursements:			
Workshop	2,848	0	2,848
Northcoast Neighbors	<u>29,274</u>	<u>0</u>	<u>29,274</u>
Total Operating Cash Disbursements	<u>32,122</u>	<u>0</u>	<u>32,122</u>
Operating Income/(Loss)	<u>7,064</u>	<u>0</u>	<u>7,064</u>
Fund Cash Balances, July 1, 2003	<u>7,854</u>	<u>725</u>	<u>8,579</u>
Fund Cash Balances, June 30, 2004	<u><u>\$14,918</u></u>	<u><u>\$725</u></u>	<u><u>\$15,643</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 STATEMENT
JUNE 30, 2004**

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. There is one non-voting member representing libraries with associate membership. 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 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Equivalents

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.

D. Fund Accounting

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

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.

**CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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.

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 Fund:

North Coast Neighbors Fund - This fund is used to account for operations which provide programs to other members on a cost-reimbursement basis.

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:

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 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 CAMLS uses.

**CLEVELAND AREA METROPOLITAN LIBRARY SYSTEM
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2004
(Continued)**

2. EQUITY IN POOLED CASH AND EQUIVALENTS

CAMLS 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 June 30 follows:

	<u>2004</u>
Total Demand Deposits	<u>\$538,204</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) 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 plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. OPERS members contributed 8.5% of their gross salaries. CAMLS contributed an amount equal to 13.55% of participants' gross salaries for 2003. CAMLS has paid all contributions required through June 30, 2004.

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.

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Auditor of State Betty Montgomery

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

Cleveland Area Metropolitan Library System
Cuyahoga County
20600 Chagrin Boulevard, Suite 500
Shaker Heights, Ohio 44122

To the Board of Trustees:

We have audited the financial statements of the Cleveland Area Metropolitan Library System (CAMLS), Cuyahoga County, Ohio as of and for the year ended June 30, 2004, and have issued our report thereon dated November 23, 2004. 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 CAMLS 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 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 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 CAMLS 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.

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

November 23, 2004



**Auditor of State
Betty Montgomery**

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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
DECEMBER 21, 2004**