



**Auditor of State
Betty Montgomery**

EAST CLEVELAND PUBLIC LIBRARY
CUYAHOGA COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report	1
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, 2003	3
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	4
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9
Schedule of Prior Audit Findings	11

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Board of Trustees
East Cleveland Public Library
Cuyahoga County
14101 Euclid Avenue
East Cleveland, Ohio 44112

We have audited the accompanying financial statements of the East Cleveland Public Library, Cuyahoga County, Ohio, (the Library) as of and for the years ended December 31, 2003 and December 31, 2002. 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 East Cleveland Public Library, Cuyahoga County, Ohio, as of December 31, 2003 and December 31, 2002, 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 May 3, 2004, 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, 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". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 3, 2004

**EAST CLEVELAND PUBLIC LIBRARY
CUYAHOGA 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, 2003**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:					
Property and Other Local Taxes	\$811,229	\$0	\$0	\$0	\$811,229
Other Government Grants-In-Aid	1,784,638	0	0	0	1,784,638
Patron Fines and Fees	11,397	0	0	0	11,397
Earnings on Investments	10,900	0	20,651	134	31,685
Contributions, Gifts and Donations	495	0	155,151	0	155,646
Miscellaneous Receipts	10,048	0	0	0	10,048
Total Cash Receipts	<u>2,628,707</u>	<u>0</u>	<u>175,802</u>	<u>134</u>	<u>2,804,643</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	1,565,514	0	0	0	1,565,514
Supplies	35,384	0	0	0	35,384
Purchased and Contracted Services	447,143	0	186,889	0	634,032
Library Materials and Information	229,825	0	0	0	229,825
Other Objects	35,635	0	0	0	35,635
Capital Outlay	12,197	0	231,005	0	243,202
Total Cash Disbursements	<u>2,325,698</u>	<u>0</u>	<u>417,894</u>	<u>0</u>	<u>2,743,592</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>303,009</u>	<u>0</u>	<u>(242,092)</u>	<u>134</u>	<u>61,051</u>
Fund Cash Balances, January 1, 2003	<u>209,827</u>	<u>225</u>	<u>2,462,604</u>	<u>5,047</u>	<u>2,677,703</u>
Fund Cash Balances, December 31, 2003	<u>\$512,836</u>	<u>\$225</u>	<u>\$2,220,512</u>	<u>\$5,181</u>	<u>\$2,738,754</u>

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

EAST CLEVELAND PUBLIC LIBRARY
CUYAHOGA 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	Nonexpendable Trust	
Cash Receipts:					
Property and Other Local Taxes	\$610,541	\$0	\$0	\$0	\$610,541
Other Government Grants-In-Aid	1,765,332	0	0	0	1,765,332
Patron Fines and Fees	12,962	0	0	0	12,962
Earnings on Investments	13,702	0	30,723	205	44,630
Contributions, Gifts and Donations	10,150	0	567,626	0	577,776
Miscellaneous Receipts	131,239	0	0	0	131,239
Total Cash Receipts	2,543,926	0	598,349	205	3,142,480
Cash Disbursements:					
Current:					
Salaries and Benefits	1,632,776	0	0	0	1,632,776
Supplies	28,236	0	0	0	28,236
Purchased and Contracted Services	505,126	0	106,430	0	611,556
Library Materials and Information	244,918	0	0	0	244,918
Other Objects	25,589	0	0	0	25,589
Capital Outlay	19,791	0	17,800	0	37,591
Total Cash Disbursements	2,456,436	0	124,230	0	2,580,666
Total Cash Receipts Over/(Under) Cash Disbursements	87,490	0	474,119	205	561,814
Fund Cash Balances, January 1, 2002	122,337	225	1,988,485	4,842	2,115,889
Fund Cash Balances, December 31, 2002	\$209,827	\$225	\$2,462,604	\$5,047	\$2,677,703

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

**EAST CLEVELAND PUBLIC LIBRARY
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The East Cleveland Public Library, Cuyahoga 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 the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the East Cleveland 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.

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 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.

The Putnam Mutual Fund, Victory Money Market and STAR Ohio are recorded at share values reported by the mutual fund.

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:

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.

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:

Flewellen Fund - This fund is used to account for the preservation and public display of the Icabod Flewellen collection.

**EAST CLEVELAND PUBLIC LIBRARY
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Capital Projects 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 Projects Fund:

Building and Repair Fund - This fund is used to account for the acquisition and construction of capital facilities.

Fiduciary Funds (Trust Funds)

Trust funds are 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 Nonexpendable Trust Fund:

Putnam Fund - This mutual fund was donated to the Library and is to be used for hospitality supplies.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund, function level of control.

A summary of 2003 and 2002 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

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.

**EAST CLEVELAND PUBLIC LIBRARY
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(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:

	2003	2002
Demand deposits	\$85,002	(\$38,816)
Total deposits	85,002	(38,816)
Investments		
Putnam Mutual Fund	6,725	3,704
Victory Money Market	256,641	254,361
STAR Ohio	2,390,386	2,458,454
Total investments	2,653,752	2,716,519
Total deposits and investments	\$2,738,754	\$2,677,703

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation.

Investments: The Putnam Mutual Fund was donated to the Library. Investments in mutual funds, money markets and STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 as follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,607,260	\$2,325,698	\$281,562
Capital Projects	592,884	417,894	174,990
Total	\$3,200,144	\$2,743,592	\$456,552

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,614,553	\$2,456,436	\$158,117
Capital Projects	605,500	124,230	481,270
Total	\$3,220,053	\$2,580,666	\$639,387

**EAST CLEVELAND PUBLIC LIBRARY
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. GRANTS-IN-AID AND TAX RECEIPT

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. These revenues are reflected in the accompanying financial statements as Other Government Grants-In-Aid.

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 Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. OPERS provides retirement benefits to vested who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees.

Contribution rates are prescribed by the Ohio Revised Code. The Library's OPERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Library has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Property and Commercial General Liability
- Vehicles
- Errors and omissions
- Inland Marine

The Library also provides health insurance and dental and vision coverage to full-time employees through a private carrier.



Auditor of State Betty Montgomery

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

Board of Trustees
East Cleveland Public Library
Cuyahoga County
14101 Euclid Avenue
East Cleveland, Ohio 44112

We have audited the financial statements of the East Cleveland Public Library, Cuyahoga County, Ohio, (the Library) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated May 3, 2004. 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 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated May 3, 2004.

East Cleveland Public Library
Cuyahoga 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, 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

May 3, 2004

**EAST CLEVELAND PUBLIC LIBRARY
CUYAHOGA COUNTY**

**FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002
SCHEDULE OF PRIOR AUDIT FINDINGS**

Finding Number	Finding Summary	Fully Corrected	Not corrected, partially corrected, different corrective action taken; finding no longer valid; Explain
2001-00818-001	Treasury Reconciliation was not performed during 2000 & 2001.	Yes	



**Auditor of State
Betty Montgomery**

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EAST CLEVELAND PUBLIC LIBRARY

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
JUNE 10, 2004**