



**Auditor of State
Betty Montgomery**

PORTER PUBLIC LIBRARY
CUYAHOGA COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Board of Trustees
Porter Public Library
Cuyahoga County
27333 Center Ridge Road
Westlake, Ohio 44145

We have audited the accompanying financial statements of Porter 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 Porter 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 March 22, 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, Board of Trustees and other officials authorized to receive this report under Section 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

March 22, 2004

**PORTER 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>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$1,854,778	\$0	\$0	\$1,854,778
Other Government Grants-In-Aid	1,557,923			1,557,923
Patron Fines and Fees	64,152			64,152
Earnings on Investments	17,150	9,801	198	27,149
Services Provided to Other Entities				0
Contributions, Gifts and Donations	3,315	8,432		11,747
Miscellaneous Receipts	56,580	510		57,090
	<u>3,553,898</u>	<u>18,743</u>	<u>198</u>	<u>3,572,839</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries and Benefits	2,481,837			2,481,837
Supplies	78,385	428		78,813
Purchased and Contracted Services	599,612	7,263		606,875
Library Materials and Information	602,855	754		603,609
Other Objects	19,474			19,474
Debt Service:				
Redemption of Principal				0
Interest Payments & Other Financing Fees/Costs				0
Capital Outlay	66,270	93,278		159,548
	<u>3,848,433</u>	<u>101,723</u>	<u>0</u>	<u>3,950,156</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(294,535)</u>	<u>(82,980)</u>	<u>198</u>	<u>(377,317)</u>
Other Financing Receipts/(Disbursements):				
Proceeds of Bonds				0
Proceeds of Notes				0
Proceeds from Sales of Property				0
Transfers-In		264,500	4,600	269,100
Advances-In				0
Transfers-Out	(264,500)	(4,600)		(269,100)
Advances-Out				0
	<u>(264,500)</u>	<u>259,900</u>	<u>4,600</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(559,035)	176,920	4,798	(377,317)
Fund Cash Balances, January 1	1,439,036	939,622	14,106	2,392,764
Fund Cash Balances, December 31	<u><u>\$880,001</u></u>	<u><u>\$1,116,542</u></u>	<u><u>\$18,904</u></u>	<u><u>\$2,015,447</u></u>

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

**PORTER PUBLIC LIBRARY
CUYAHOGA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Receipts:	
Earnings on Investments	\$724
Total Operating Cash Receipts	724
Operating Cash Disbursements:	
Current:	
Capital Outlay	0
Total Operating Cash Disbursements	0
Operating Income/(Loss)	724
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	0
Total Non-Operating Cash Receipts	0
Non-Operating Cash Disbursements:	
Other Non-Operating Disbursements	0
Total Non-Operating Cash Disbursements	0
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	724
Transfers-Out	0
Net Receipts Over/(Under) Disbursements	724
Fund Cash Balance, January 1	65,079
Fund Cash Balance, December 31	\$65,803

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

**PORTER 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**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$1,824,781	\$0	\$0	\$1,824,781
Other Government Grants-In-Aid	1,531,784			1,531,784
Patron Fines and Fees	51,912			51,912
Earnings on Investments	31,071	44,477	1,877	77,425
Services Provided to Other Entities				0
Contributions, Gifts and Donations	237	85,506		85,743
Miscellaneous Receipts	14,997	3,155		18,152
	<u>3,454,782</u>	<u>133,138</u>	<u>1,877</u>	<u>3,589,797</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries and Benefits	2,098,906			2,098,906
Supplies	87,022	8,434		95,456
Purchased and Contracted Services	571,643	222,462		794,105
Library Materials and Information	565,125			565,125
Other Objects	12,995			12,995
Debt Service:				
Redemption of Principal				0
Interest Payments & Other Financing Fees/Costs				0
Capital Outlay	56,320	3,110,083	209,113	3,375,516
	<u>3,392,011</u>	<u>3,340,979</u>	<u>209,113</u>	<u>6,942,103</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>62,771</u>	<u>(3,207,841)</u>	<u>(207,236)</u>	<u>(3,352,306)</u>
Other Financing Receipts/(Disbursements):				
Proceeds of Bonds				0
Proceeds of Notes				0
Proceeds from Sales of Property				0
Transfers-In				0
Advances-In				0
Transfers-Out				0
Advances-Out				0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	62,771	(3,207,841)	(207,236)	(3,352,306)
Fund Cash Balances, January 1	<u>1,376,265</u>	<u>4,147,463</u>	<u>221,342</u>	<u>5,745,070</u>
Fund Cash Balances, December 31	<u><u>\$1,439,036</u></u>	<u><u>\$939,622</u></u>	<u><u>\$14,106</u></u>	<u><u>\$2,392,764</u></u>

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

**PORTER PUBLIC LIBRARY
CUYAHOGA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Earnings on Investments	\$1,111
Total Operating Cash Receipts	1,111
Operating Cash Disbursements:	
Current:	
Capital Outlay	0
Total Operating Cash Disbursements	0
Operating Income/(Loss)	1,111
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	0
Total Non-Operating Cash Receipts	0
Non-Operating Cash Disbursements:	
Other Non-Operating Disbursements	0
Total Non-Operating Cash Disbursements	0
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	1,111
Transfers-Out	0
Net Receipts Over/(Under) Disbursements	1,111
Fund Cash Balance, January 1	63,968
Fund Cash Balance, December 31	\$65,079

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

**PORTER 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

Porter Public Library, Cuyahoga 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 Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Westlake Board of Education. The Library provides the community with various educational and literary resources.

Component units are legally separate organizations for which the Library is financially accountable. Component units may also include organizations that provide significant on going financial support to the Library. The Library has no component units.

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. Budgetary presentations report budgetary expenditures when an expenditure is made.

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

C. Cash and Investments

Investments are included in fund cash balances. 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 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 in another fund.

**PORTER 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)

2. Capital Project Funds

These 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 Funds.

Building Fund – This fund is used to account for financial resources to be used for new construction and renovation purposes.

Building Gift Fund – This fund is used to account for financial resources received as gifts from the community to be used for furniture and equipment for the new building.

Permanent Improvement Fund – This fund is used to account for financial resources to be used for improvements undertaken by the Library.

Automation Fund – This fund is used to account for financial resources to be used for automated upgrades/improvements undertaken by the Library.

3. 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 Fiduciary Funds:

Expendable Trust Fund

Mildred K. Strothers Trust Fund – This fund is used to account for expenditures of trust fund principle and interest income that are at the discretion of the Board of Trustees.

Non-Expendable Trust Funds

Francis Egger Trust Fund – This fund is used to account for expenditures of trust fund interest income that are at the discretion of the Board of Trustees.

Katherine Neidhart Trust Fund – This fund is used to account for expenditures of trust fund interest income that are for the acquisition of children's educational material.

Sonenfield Trust Fund – This fund is used to account for expenditures of trust fund interest income that are for the acquisition of serious music materials.

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, and object level of control.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**PORTER PUBLIC LIBRARY
CUYAHOGA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

H. Total Columns

Total columns on the financial statements are captioned "(Memorandum Only)" to indicate that they are presented to facilitate financial analysis. Such data is not comparable to a consolidation.

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	\$781,296	(\$925)
Petty Cash and Change Cash	1,126	1,057
Total deposits	782,422	132
 STAR Ohio	 1,298,828	 2,457,711
Total investments	1,298,828	2,457,711
 Total deposits and investments	 \$2,081,250	 \$2,457,843

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit risk pool.

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

**PORTER PUBLIC LIBRARY
CUYAHOGA COUNTY**

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

3. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,770,079	\$4,112,933	\$657,146
Capital Projects	334,805	106,323	228,482
Expendable Trust	18,878	0	18,878
Total	\$5,123,762	\$4,219,256	\$904,506

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,407,352	\$3,392,011	\$1,015,341
Capital Projects	3,767,026	3,340,979	426,047
Expendable Trust	223,223	209,113	14,110
Total	\$8,397,601	\$6,942,103	\$1,455,498

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. 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 Government 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.

**PORTER PUBLIC LIBRARY
CUYAHOGA COUNTY**

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

4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

The voters of the City of Westlake renewed a two-mill levy in August 2003 for continuing operation. The electoral also passed a new one-half mill levy at the same time. The Library will receive funds generated from the new levy starting in tax year 2004.

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 employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees upon retirement.

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

Commercial Insurance

The Porter Public 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 and vision coverage to employees working 25+ weekly hours through a private carrier. Employees have the option to purchase dental coverage. The Library's 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*

Board of Trustees
Porter Public Library
Cuyahoga County
27333 Center Ridge Road
Westlake, Ohio 44145

We have audited the financial statements of the Porter 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 March 22, 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 *Governmental 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 March 22, 2004.

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 March 22, 2004.

Porter Public Library
Cuyahoga County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the management and 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

March 22, 2004



**Auditor of State
Betty Montgomery**

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PORTER 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 3, 2004**