



**Auditor of State
Betty Montgomery**

**EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Euclid Public Library
Cuyahoga County
631 East 222nd Street
Euclid, Ohio 44123

To the Board of Trustees:

We have audited the accompanying financial statements of the Euclid Public Library, Cuyahoga County, Ohio, (the Library) as of and for the years ended December 31, 2004 and December 31, 2003. 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 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 discussed 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 Euclid Public Library, Cuyahoga County, Ohio, as of December 31, 2004 and December 31, 2003, 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 30, 2005, 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 audit.

This report is intended solely for the information and use of the management, the 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 30, 2005

**EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$1,648,844	\$0	\$1,648,844
Other Government Grants-In-Aid	2,379,115	0	2,379,115
Patron Fines and Fees	130,992	0	130,992
Earnings on Investments	40,428	0	40,428
Contributions, Gifts and Donations	950	0	950
Miscellaneous Receipts	13,874	0	13,874
	<u>4,214,203</u>	<u>0</u>	<u>4,214,203</u>
Total Cash Receipts	4,214,203	0	4,214,203
Cash Disbursements:			
Current:			
Salaries and Benefits	2,862,185	0	2,862,185
Purchased and Contracted Services	470,077	0	470,077
Library Materials and Information	743,744	0	743,744
Supplies	116,979	0	116,979
Other Objects	11,425	0	11,425
Capital Outlay	66,823	0	66,823
	<u>4,271,233</u>	<u>0</u>	<u>4,271,233</u>
Total Cash Disbursements	4,271,233	0	4,271,233
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(57,030)</u>	<u>0</u>	<u>(57,030)</u>
Fund Cash Balances, January 1, 2003	<u>1,910,123</u>	<u>2,072,741</u>	<u>3,982,864</u>
Fund Cash Balances, December 31, 2003	<u>\$1,853,093</u>	<u>\$2,072,741</u>	<u>\$3,925,834</u>

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

**EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$1,639,436	\$0	\$1,639,436
Other Government Grants-In-Aid	2,382,917	0	2,382,917
Patron Fines and Fees	138,983	0	138,983
Earnings on Investments	36,410	0	36,410
Contributions, Gifts and Donations	1,112	0	1,112
Miscellaneous Receipts	19,957	0	19,957
	<u>4,218,815</u>	<u>0</u>	<u>4,218,815</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries and Benefits	2,775,273	0	2,775,273
Purchased and Contracted Services	592,753	0	592,753
Library Materials and Information	841,003	0	841,003
Supplies	101,649	0	101,649
Other Objects	11,955	0	11,955
Capital Outlay	55,044	0	55,044
	<u>4,377,677</u>	<u>0</u>	<u>4,377,677</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(158,862)</u>	<u>0</u>	<u>(158,862)</u>
Fund Cash Balances, January 1, 2003	<u>2,068,985</u>	<u>2,072,741</u>	<u>4,141,726</u>
Fund Cash Balances, December 31, 2003	<u>\$1,910,123</u>	<u>\$2,072,741</u>	<u>\$3,982,864</u>

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

**EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Euclid Public Library, Cuyahoga County, (the Library) as a body corporate and politic. The Euclid Board of Education appoints a seven-member Board of Trustees to govern the Library. 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 the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Library's accounting basis includes investments as assets. Accordingly, the Library does not record investment purchases as disbursements or investment sales as receipts. The Library records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library values certificates of deposit and U.S. Treasury Notes 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 accounts for all financial resources except those required to be accounted for in another fund.

2. Capital Project Fund

This fund accounts for receipts that are restricted to acquiring or constructing major capital projects. 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 Euclid Public Library. There was no activity in this fund during 2004 or 2003.

**EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and function level of control.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	2004	2003
Demand deposits	\$1,037,341	\$1,772,208
Certificates of deposit	452,243	100,000
Total deposits	1,489,584	1,872,208
STAR Ohio	1,637,388	2,110,656
U.S. Treasury Notes	798,862	0
Total investments	2,436,250	2,110,656
Total deposits and investments	\$3,925,834	\$3,982,864

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: The Federal Reserve holds the Library's U.S. Treasury Notes in book-entry form 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 existing in physical or book-entry form.

The Library's financial institution transfers the securities to the Library's agent to collateralize repurchase agreements. The securities are not in the Library's name.

**EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,649,138	\$4,271,233	\$377,905
Capital Projects	2,072,741	0	2,072,741
Total	\$6,721,879	\$4,271,233	\$2,450,646

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,966,950	\$4,377,677	\$589,273
Capital Projects	2,072,741	0	2,072,741
Total	\$7,039,691	\$4,377,677	\$2,662,014

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 State allocates LLGSF 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 the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

Property owners assess tangible personal property tax. These owners must file a list of tangible 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.

**EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

5. RETIREMENT SYSTEM

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. The Ohio Revised Code and OPERS prescribes 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.

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2004.

6. RISK MANAGEMENT

Commercial Insurance

The Euclid Public Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Errors and omissions.
- Boilers and machinery; and
- Commercial crime

Health Insurance

The Library also provides health insurance (hospitalization and prescription), life insurances, dental, and vision coverage to eligible employees through a private carrier. The Library's liability for health care is limited to the premiums paid.



Auditor of State Betty Montgomery

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

Euclid Public Library
Cuyahoga County
631 East 222nd Street
Euclid, Ohio 44123

To the Board of Trustees:

We have audited the financial statements of Euclid Public Library, Cuyahoga County, Ohio (the Library) as of and for the years ended December 31, 2004 and December 31, 2003, and have issued our report thereon dated March 30, 2005. 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 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 audit, 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 30, 2005.

This report is intended solely for the information and use of 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 30, 2005



**Auditor of State
Betty Montgomery**

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EUCLID 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

MAY 5, 2005