



**LAKWOOD PUBLIC LIBRARY
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2003 & 2002



**Auditor of State
Betty Montgomery**

LAKWOOD PUBLIC LIBRARY
CUYAHOGA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Type - For the Year Ended December 31, 2003.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Type - For the Year Ended December 31, 2002.....	6
Notes to the Financial Statements.....	7
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Board of Trustees
Lakewood Public Library
Cuyahoga County
15425 Detroit Avenue
Lakewood, Ohio 44107

We have audited the accompanying financial statements of the Lakewood 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 Lakewood 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.

As described in Note 2, effective January 1, 2002, the Library reclassified its Land Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 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 audit.

This report is intended solely for the information and use of 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 8, 2004

**LAKWOOD 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	\$1,159,964	\$0	\$1,159,964
Other Government Grants-In-Aid	2,502,526		2,502,526
Patron Fines and Fees	87,909		87,909
Earnings on Investments	44,979	53,204	98,183
Contributions, Gifts and Donations	4,550		4,550
Miscellaneous Receipts	22,631		22,631
	<u>3,822,559</u>	<u>53,204</u>	<u>3,875,763</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries and Benefits	2,496,441		2,496,441
Purchased and Contracted Services	466,441	2,920	469,361
Library Materials and Information	640,825		640,825
Supplies	111,963		111,963
Other Objects	10,461		10,461
Debt Service:			
Redemption of Principal			0
Capital Outlay	34,571	203,230	237,801
	<u>3,760,702</u>	<u>206,150</u>	<u>3,966,852</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>61,857</u>	<u>(152,946)</u>	<u>(91,089)</u>
Other Financing Receipts/(Disbursements):			
Proceeds of Bonds		12,500,000	12,500,000
Proceeds of Bonds			0
Proceeds of Notes			0
Proceeds from Sales of Property			0
Transfers-In			0
Transfers-Out			0
Advances-Out			0
	<u>0</u>	<u>12,500,000</u>	<u>12,500,000</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	61,857	12,347,054	12,408,911
Fund Cash Balances, January 1, 2003	<u>1,415,534</u>	<u>2,087,041</u>	<u>3,502,575</u>
Fund Cash Balances, December 31, 2003	<u>\$1,477,391</u>	<u>\$14,434,095</u>	<u>\$15,911,486</u>

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

**LAKEWOOD PUBLIC LIBRARY
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Patron Fines and Fees	\$0		\$0
Charges for Services	156,633		156,633
Total Operating Cash Receipts	<u>156,633</u>	<u>0</u>	<u>156,633</u>
Operating Cash Disbursements:			
Current:			
Salaries and Benefits	6,559		6,559
Purchased and Contracted Services	65,498		65,498
Supplies	196		196
Other Objects	22,414		22,414
Capital Outlay	220,378		220,378
Total Operating Cash Disbursements	<u>315,045</u>	<u>0</u>	<u>315,045</u>
Operating Income/(Loss)	<u>(158,412)</u>	<u>0</u>	<u>(158,412)</u>
Non-Operating Cash Receipts:			
Government Grants-In-Aid			0
Earnings on Investments		5,384	5,384
Proceeds of Bonds			0
Proceeds of Notes			0
Proceeds from Sales of Property			0
Other Non-Operating Receipts			0
Total Non-Operating Cash Receipts	<u>0</u>	<u>5,384</u>	<u>5,384</u>
Non-Operating Cash Disbursements:			
Debt Service:			
Redemption of Principal			0
Interest Payments and Financing Fees/Costs			0
Other Non-Operating Disbursements			0
Total Non-Operating Cash Disbursements	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(158,412)	5,384	(153,028)
Transfers-In			0
Advances-In			0
Transfers-Out			0
Advances-Out			0
Net Receipts Over/(Under) Disbursements	(158,412)	5,384	(153,028)
Fund Cash Balances, January 1	325,798	484,200	809,998
Fund Cash Balances, December 31	<u>\$167,386</u>	<u>\$489,584</u>	<u>\$656,970</u>

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

**LAKWOOD 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, 2002**

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Property and Other Local Taxes	\$1,167,710	\$0	\$1,167,710
Other Government Grants-In-Aid	2,534,825		2,534,825
Patron Fines and Fees	95,036		95,036
Earnings on Investments	76,833		76,833
Contributions, Gifts and Donations	4,790		4,790
Miscellaneous Receipts	14,634		14,634
	<u>3,893,828</u>	<u>0</u>	<u>3,893,828</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries and Benefits	2,549,054		2,549,054
Purchased and Contracted Services	446,781		446,781
Library Materials and Information	771,990		771,990
Supplies	107,738		107,738
Other Objects	9,609		9,609
Debt Service:			
Redemption of Principal			0
Capital Outlay	104,548	0	104,548
	<u>3,989,720</u>	<u>0</u>	<u>3,989,720</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(95,892)</u>	<u>0</u>	<u>(95,892)</u>
Other Financing Receipts/(Disbursements):			
Proceeds of Bonds			0
Proceeds of Notes			0
Proceeds from Sales of Property			0
Transfers-In			0
Transfers-Out			0
Advances-Out			0
	<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	<u>(95,892)</u>	<u>0</u>	<u>(95,892)</u>
Fund Cash Balances, January 1, 2002 - restated	<u>1,511,426</u>	<u>2,087,041</u>	<u>3,598,467</u>
Fund Cash Balances, December 31, 2002	<u>\$1,415,534</u>	<u>\$2,087,041</u>	<u>\$3,502,575</u>

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

**LAKWOOD PUBLIC LIBRARY
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Patron Fines and Fees	\$0	\$0	\$0
Charges for Services	124,241		124,241
Total Operating Cash Receipts	<u>124,241</u>	<u>0</u>	<u>124,241</u>
Operating Cash Disbursements:			
Current:			
Salaries and Benefits	2,305		2,305
Purchased and Contracted Services	52,245		52,245
Supplies	833		833
Other Objects	6,435		6,435
Capital Outlay	926,222		926,222
Total Operating Cash Disbursements	<u>988,040</u>	<u>0</u>	<u>988,040</u>
Operating Income/(Loss)	<u>(863,799)</u>	<u>0</u>	<u>(863,799)</u>
Non-Operating Cash Receipts:			
Government Grants-In-Aid			0
Earnings on Investments		8,601	8,601
Proceeds of Bonds			0
Proceeds of Notes			0
Proceeds from Sales of Property			0
Other Non-Operating Receipts			0
Total Non-Operating Cash Receipts	<u>0</u>	<u>8,601</u>	<u>8,601</u>
Non-Operating Cash Disbursements:			
Debt Service:			
Redemption of Principal			0
Interest Payments and Financing Fees/Costs			0
Other Non-Operating Disbursements			0
Total Non-Operating Cash Disbursements	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(863,799)	8,601	(855,198)
Transfers-In			0
Advances-In			0
Transfers-Out			0
Advances-Out			0
Net Receipts Over/(Under) Disbursements	(863,799)	8,601	(855,198)
Fund Cash Balances, January 1 - restated	<u>1,189,597</u>	<u>475,599</u>	<u>1,665,196</u>
Fund Cash Balances, December 31	<u>\$325,798</u>	<u>\$484,200</u>	<u>\$809,998</u>

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

**LAKWOOD 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

Lakewood 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 Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Lakewood 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.

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 cash fund 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 for in another fund.

**LAKWOOD 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 Projects 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 Projects Funds:

Capital Fund – used for the purpose of repairing, improving, furnishing, and equipping the existing Lakewood Public Library and improving its site.

Automation Fund – used for the purchase and maintenance of computers and software.

3. Enterprise Fund

This fund accounts for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Library had the following significant Enterprise Fund:

Land Fund – used for the acquisition of non-residential land and building(s) for further expansion of the Library and to account for rental income received from previously acquired property. As of December 31, 2003, the building had five tenants with leases who pay rent. The Library is reimbursed for electrical expense from three of the tenants. However, this operation will cease in fiscal year 2004 due to the renovation of the property for main library expansion.

4. 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:

Endowment 801 Fund – accounts for the restricted principal and the interest whose expenditure is unrestricted for Library purposes.

Endowment 805 Fund – accounts for the restricted principal and the interest whose expenditure is restricted to the purchase of non fiction business books and mystery books.

E. Budgetary Process

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

A summary of 2003 and 2002 budgetary activity appears in Note 5.

**LAKWOOD 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. RECLASSIFICATION OF FUND

Effective January 1, 2002, the Library reclassified the Land Fund, a Capital Projects Fund, to an Enterprise Fund.

	<u>Capital Projects Fund</u>	<u>Enterprise Fund</u>
Fund Balance December 31, 2001	\$3,276,638	\$0
Fund Balance January 1, 2002	\$2,087,041	\$1,189,597

There was no effect on the prior year income/receipts or expenditures. Additionally, there was no effect on the excess of receipts and other financing receipts over cash disbursements and other financing disbursements.

3. ACCOUNTABILITY AND COMPLIANCE

Contrary to Ohio Administrative Code Section 117-8-02, the Library had expenditures that exceeded appropriations during calendar years 2003 and 2002. These violations were corrected by each calendar year end.

**LAKWOOD PUBLIC LIBRARY
CUYAHOGA COUNTY**

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

4. 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	\$30,710	\$12,256
Change fund	392	392
Total deposits	31,102	12,648
 STAR Ohio	 16,537,354	 4,299,925
Total investments	16,537,354	4,299,925
 Total deposits and investments	 \$16,568,456	 \$4,312,573

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

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

5. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,368,730	\$3,760,702	\$608,028
Capital Projects	355,000	206,150	148,850
Enterprise	333,482	315,045	18,437
Non-Expendable Trust	0	0	0
Total	\$5,057,212	\$4,281,897	\$775,315

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,273,395	\$3,989,720	\$283,675
Capital Projects	0	0	0
Enterprise	990,000	988,040	1,960
Non-Expendable Trust	0	0	0
Total	\$5,263,395	\$4,977,760	\$285,635

**LAKESWOOD PUBLIC LIBRARY
CUYAHOGA COUNTY**

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

6. 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 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.

The library passed a 1.25 mill tax levy on May 6, 2003 which is expected to increase tax revenue by approximately \$1,000,000.00 starting in tax year 2004.

7. RENTAL INCOME

The primary source of revenue in the Land Fund is monthly rental income from a previously acquired adjacent piece of property located at 15401 Detroit Avenue. Currently, the Library has tenants who generate monthly rental income of approximately \$11,500.00. The Library expects to continue to utilize this property for rental purposes until library expansion begins.

8. DEBT

On July 30, 2003 Lakewood City School District Board of Education issued bonds in the amount of \$12,500,000.00 on behalf of the Library. The purpose of the bonds was for the addition and renovation of main library. Repayment of bonds principal and interest will be made by the school district over 20 years starting in 2004.

**LAKWOOD PUBLIC LIBRARY
CUYAHOGA COUNTY**

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

9. 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.

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.

10. RISK MANAGEMENT

Commercial Insurance

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

- Property;
- Boiler and Machinery;
- Inland Marine;
- Crime;
- Commercial and General Liability;
- Automobile; and
- Umbrella



**Auditor of State
Betty Montgomery**

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

Board of Trustees
Lakewood Public Library
Cuyahoga County
15425 Detroit Avenue
Lakewood, Ohio 44107

We have audited the financial statements of the Lakewood 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 8, 2004, wherein we noted the Library reclassified its Land Fund. 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 *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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated March 8, 2004.

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 8, 2004.

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 8, 2004

**LAKWOOD PUBLIC LIBRARY
CUYAHOGA COUNTY
DECEMBER 31, 2003 AND 2002**

SCHEDULE OF FINDINGS

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

Finding Number	2003-001
-----------------------	-----------------

Ohio Administrative Code section 117-8-02 states in part that the Library's legislative body shall adopt appropriation measures. The legal level of control is the level (e.g. fund, program or function, department, object level) at which spending in excess of budgeted amounts would be a violation of law. This is established by the level at which the legislative body appropriates. The Library's legal level of control is at the fund, function, object level for calendar year 2003 and 2002.

At October 31, 2003 the legislative authority had not appropriated for the Automation or Capital Funds. These funds had expenditures of \$202,852 and \$2,458 respectively, which exceeded appropriations at the legal level of control. In addition, the following object line items within the General Fund and Land Fund had expenditures that exceeded appropriations, at the legal level control.

Object Number	Appropriations	Expenditures	Variance
General Fund:			
101.000.53280	\$18,616	\$20,960	\$ 2,344
101.000.55510	3,650	18,731	15,081
101.000.55530	3,048	5,260	2,212
Land Fund:			
401.000.53410	5,000	6,017	1,017
401.000.53610	10,000	23,478	13,478

**LAKWOOD PUBLIC LIBRARY
CUYAHOGA COUNTY
DECEMBER 31, 2003 AND 2002**

**SCHEDULE OF FINDINGS
(Continued)**

Finding Number	2003-001
-----------------------	-----------------

At October 31, 2002, the following object line items within the General Fund had expenditures that exceeded appropriations, at the legal level control.

Object Number	Appropriations	Expenditures	Variance
General Fund:			
101.000.53320	\$20,000	\$23,589	\$ 3,589
101.000.53410	28,000	30,099	2,099
101.000.53650	9,815	10,701	886
101.000.53740	10,000	13,784	3,784
101.000.53750	3,150	7,065	3,915
101.000.54350	66,931	80,940	14,009
101.000.54540	4,338	42,975	38,637
101.000.55550	45,000	77,274	32,274

This weakness could allow expenditures to exceed the total available fund balance plus current year revenues which would result in a negative fund balance.

We recommend that the Clerk-Treasurer compare appropriations to expenditures, in all funds and object line items which are legally required to be budgeted. Further, the comparisons should be performed monthly, at minimum, and should result in appropriation amendment(s) when necessary.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

LAKESWOOD 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 4, 2004**