

Cuyahoga Falls Library

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

Board of Trustees
Cuyahoga Falls Library
2015 Third Street
Cuyahoga Falls, Ohio 44221

We have reviewed the *Report of Independent Accountants* of the Cuyahoga Falls Library, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Cuyahoga Falls Library is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 14, 2010

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**CUYAHOGA FALLS LIBRARY
SUMMIT COUNTY
AUDIT REPORT**

For the years ended December 31, 2009 and 2008

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Cuyahoga Falls Library
Summit County
2015 Third Street
Cuyahoga Falls, Ohio 44221

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cuyahoga Falls Library, Summit County, Ohio, (the Library), as of and for the years ended December 31, 2009 and 2008 which collectively comprise the Library's basic financial statements as listed in the table of contents. 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Cuyahoga Falls Library, Summit County, Ohio, as of December 31, 2009 and 2008, and the respective changes in cash basis financial position and the respective budgetary comparison for the General Fund for the years then ended in conformity with accounting basis Note 2 describes.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally on inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2010 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, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Charles E. Harris & Associates, Inc.

April 15, 2010

Cuyahoga Falls Library
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

This discussion and analysis of the Cuyahoga Falls Library's (the Library) financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2009 and 2008, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2009 and 2008 are as follows:

In 2009, net assets of governmental activities decreased \$40,558 or 1 percent, not a significant change from the prior year. In 2008, net assets had an increase of \$442,346 or 15%.

In 2009 and 2008, the Library's general receipts are primarily Library and Local Government Support Fund (LLGSF) receipts, and Property and Other Local Taxes receipts. These receipts represent respectively 98.5 and 98.7 percent of the total cash received for governmental activities during the years 2009 and 2008. LLGSF receipts decreased \$289,965 or 18% from 2008 to 2009.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Government's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid. As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Cuyahoga Falls Library
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Reporting the Cuyahoga Falls Library as a Whole

The statement of net assets and the statement of activities reflect how the Library did financially during 2009 and 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well such as the state's funding levels, the increase/decrease of memberships, the extent of participation in the Library's activities from members and non-members. All these factors considered, give a good picture of the strengths and weaknesses of the organization.

In the statement of net assets and the statement of activities, the Library has one type of activity:

Governmental activities - All of the Library's basic services are reported here, including library services, support services, and capital outlay. The Library and Local Government Support Fund finances most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Cuyahoga Falls Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Library are all in the governmental category.

Governmental Funds - All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. In 2009 and 2008 the Library has two major governmental funds – the General Fund and the Building Fund. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column.

Cuyahoga Falls Library
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

The Government as a Whole

Table 1 provides a summary of the Library's net assets for 2009 compared to 2008 and 2007 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities		
	2009	2008	2007
Assets			
Cash and Cash Equivalents	\$ 3,358,117	\$ 3,398,675	\$ 2,956,329
Net Assets			
Restricted for:			
Capital Projects	1,911,431	2,042,435	1,861,829
Permanent Funds			
Nonexpendable	25,000	25,000	25,000
Expendable	29,590	31,946	30,595
Other Purposes	202,380	199,134	191,703
Unrestricted	1,189,716	1,100,160	847,202
Total Net Assets	\$ 3,358,117	\$ 3,398,675	\$ 2,956,329

As mentioned previously, net assets of governmental activities decreased \$40,558 or 1 percent during 2009, which is a slight decrease from the previous year.

Cuyahoga Falls Library
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Table 2 reflects the changes in net assets in 2009 and 2008.

(Table 2)
Changes in Net Assets

	Governmental Activities 2009	Governmental Activities 2008	Governmental Activities 2007
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 13,464	\$ 18,105	\$ 20,987
Total Program Receipts	<u>13,464</u>	<u>18,105</u>	<u>20,987</u>
General Receipts:			
Property and Other Local Taxes	1,008,620	1,033,244	1,037,783
Library and Local Government	1,316,667	1,606,632	1,627,685
Unrestricted Gifts and Contributions	11,773	131,979	345,564
Interest	7,611	64,844	130,257
Miscellaneous	3,555	8,499	2,762
Total General Receipts	<u>2,348,226</u>	<u>2,845,198</u>	<u>3,144,051</u>
Total Receipts	<u>2,361,690</u>	<u>2,863,303</u>	<u>3,165,038</u>
Disbursements:			
Salaries and Benefits	1,422,251	1,363,716	1,239,363
Purchased and Contract Services	430,876	483,986	330,544
Library Materials and Information	425,771	482,478	437,751
Supplies	49,626	58,173	48,704
Other	19,178	15,636	8,638
Capital Outlay	54,546	16,968	48,570
Total Disbursements	<u>2,402,248</u>	<u>2,420,957</u>	<u>2,113,570</u>
Increase (Decrease) in Net Assets	(40,558)	442,346	1,051,468
Net Assets, January 1	3,398,675	2,956,329	1,904,861
Net Assets, December 31	<u>\$ 3,358,117</u>	<u>\$ 3,398,675</u>	<u>\$ 2,956,329</u>

Program receipts represent only 0.6 percent in 2009 and 2008 of total receipts and are primarily comprised of fines and late fees and fees charged for copier use.

General receipts represent 99.4 percent of the Library's total receipts, and of this amount, over 56.1 percent are Library and Local Government Funds and 43 percent are Property and Other Local Taxes for 2009. General receipts represent 99.4 percent of the Library's total receipts, and of this amount, over 56.5 percent are Library and Local Government Funds and 36.3 percent are Property and Other Local Taxes for 2008. Miscellaneous receipts, interest, and unrestricted contributions make up 1 percent for 2009 and 7.2 percent for 2008 of the Library's general receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

Cuyahoga Falls Library
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Governmental Activities

If you look at the Statement of Activities on page 11 and 17, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities in 2009 are for Salaries and Benefits and Purchased and Contract Services, which account for 59.2 and 17.9 percent of all governmental disbursements, respectively. The major program disbursements for governmental activities in 2008 are for Salaries and Purchased and Contract Services, which account for 56.3 percent and 20 percent of all governmental disbursements, respectively. The next column of the Statement, entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)		
Governmental Activities		
	Total Cost	Net Cost
	of Services	of Services
	2009	2009
Salaries and Benefits	\$1,422,251	\$1,408,787
Purchased and Contract Services	430,876	430,876
Library Materials and Information	425,771	425,771
Supplies	49,626	49,626
Other	19,178	19,178
Capital Outlay	54,546	54,546
Total Expenses	\$2,402,248	\$2,388,784

Governmental Activities		
	Total Cost	Net Cost
	of Services	of Services
	2008	2008
Salaries and Benefits	\$1,363,716	\$1,345,611
Purchased and Contract Services	483,986	483,986
Library Materials and Information	482,478	482,478
Supplies	58,173	58,173
Other	15,636	15,636
Capital Outlay	16,968	16,968
Total Expenses	\$2,420,957	\$2,402,852

Cuyahoga Falls Library
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Governmental Activities

	Total Cost of Services 2007	Net Cost of Services 2007
	<u>2007</u>	<u>2007</u>
Salaries and Benefits	\$1,239,363	\$1,218,376
Purchased and Contract Services	330,544	330,544
Library Materials and Information	437,751	437,751
Supplies	48,704	48,704
Other	8,638	8,638
Capital Outlay	48,570	48,570
Total Expenses	<u>\$2,113,570</u>	<u>\$2,092,583</u>

The dependence upon LLGSF and other general revenues for governmental activities is demonstrated in the above tables. Over 99.4 percent of disbursements are supported through LLGSF and other general revenues in 2009 and 2008.

The Library's Funds

In 2009, the Library's funds had receipts of \$2.36 million and disbursements of \$2.4 million. The greatest change within governmental funds occurred within the Building Fund. The fund balance of the Building Fund decreased \$131,004 as a result of increase in Salaries and Benefits. In 2008, total governmental funds had receipts of \$2.9 million and disbursements of \$2.4 million. The fund balance of the General Fund increased \$252,958.

General Fund Budgeting Highlights

The Library's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

In 2009, final disbursements were budgeted at \$2.3 million while actual disbursements were \$2.5 million. In 2008, final disbursements were budgeted at \$2.7 million while actual disbursements were \$2.8 million. Although receipts failed to live up to expectations in both years, appropriations were reduced for 2009. The Library kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is the decrease in fund balance of \$120,329 for 2009 and a decrease of \$89,150 for 2008.

Capital Assets and Debt Administration

The Library does not currently keep track of its capital assets and infrastructure. The Library did not have any debt as of December 2009 and 2008.

Cuyahoga Falls Library
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Current Issues

The challenge for all libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. The Library heavily depends on receipts from the Library and Local Government Support Fund (LLGSF). With the LLGSF slightly declining in 2009 and with the uncertainty of future funding, the Library will be faced with making changes over the next several years to contain costs and determine what other options are available to the Library to increase financial resources.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Theresa Karm, Clerk-Treasurer, Cuyahoga Falls Library, 2015 Third St., Cuyahoga Falls, Ohio 44221.

Cuyahoga Falls Library, Summit County

Statement of Net Assets - Cash Basis

December 31, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 3,358,117</u>
Net Assets	
Restricted for:	
Capital Projects	\$ 1,911,431
Permanent Funds	
Nonexpendable	25,000
Expendable	29,590
Other Purposes	202,380
Unrestricted	<u>1,189,716</u>
<i>Total Net Assets</i>	<u>\$ 3,358,117</u>

See accompanying notes to the basic financial statements

Cuyahoga Falls Library, Summit County

Statement of Activities - Cash Basis

For the Year Ended December 31, 2009

	Cash Disbursements	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Governmental Activities
Governmental Activities			
Salaries and Benefits	\$ 1,422,251	\$ 13,464	\$ (1,408,787)
Purchased and Contract Services	430,876	-	(430,876)
Library Materials and Information	425,771	-	(425,771)
Supplies	49,626	-	(49,626)
Other	19,178	-	(19,178)
Capital Outlay	54,546	-	(54,546)
<i>Total Governmental Activities</i>	<u>\$ 2,402,248</u>	<u>\$ 13,464</u>	<u>\$ (2,388,784)</u>
General Receipts			
Property and Other Local Taxes			1,008,620
Library and Local Government			1,316,667
Unrestricted Gifts and Contributions			11,773
Interest			7,611
Miscellaneous			3,555
<i>Total General Receipts</i>			<u>2,348,226</u>
Change in Net Assets			(40,558)
<i>Net Assets Beginning of Year</i>			<u>3,398,675</u>
<i>Net Assets End of Year</i>			<u>\$ 3,358,117</u>

See accompanying notes to the basic financial statements

Cuyahoga Falls Library, Summit County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,189,716	\$ 1,911,431	\$ 256,970	\$ 3,358,117
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$ 209,885	-	-	\$ 209,885
Reserved for Scholarships	-	-	\$ 25,000	25,000
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	979,831	-	-	979,831
Special Revenue Funds	-	-	202,380	202,380
Capital Projects Funds	-	1,911,431	-	1,911,431
Permanent Funds	-	-	29,590	29,590
<i>Total Fund Balances</i>	<u>\$ 1,189,716</u>	<u>\$ 1,911,431</u>	<u>\$256,970</u>	<u>\$ 3,358,117</u>

See accompanying notes to the basic financial statements

Cuyahoga Falls Library, Summit County
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 1,008,620	-	-	\$ 1,008,620
Library and Local Government	1,316,667	-	-	1,316,667
Patron Fines and Fees	13,464	-	-	13,464
Contributions, Gifts and Donations	6,150	-	\$ 5,623	11,773
Earnings on Investments	1,247	\$ 5,708	656	7,611
Miscellaneous	3,555	-	-	3,555
<i>Total Receipts</i>	<u>2,349,703</u>	<u>5,708</u>	<u>6,279</u>	<u>2,361,690</u>
Disbursements				
Current:				
Salaries and Benefits	1,419,751	-	2,500	1,422,251
Purchased and Contract Services	294,164	136,712	-	430,876
Library Materials and Information	422,882	-	2,889	425,771
Supplies	49,626	-	-	49,626
Other	19,178	-	-	19,178
Capital Outlay	54,546	-	-	54,546
<i>Total Disbursements</i>	<u>2,260,147</u>	<u>136,712</u>	<u>5,389</u>	<u>2,402,248</u>
<i>Net Change in Fund Balances</i>	89,556	(131,004)	890	(40,558)
<i>Fund Balances Beginning of Year</i>	<u>1,100,160</u>	<u>2,042,435</u>	<u>256,080</u>	<u>3,398,675</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,189,716</u>	<u>\$ 1,911,431</u>	<u>\$ 256,970</u>	<u>\$ 3,358,117</u>

See accompanying notes to the basic financial statements

Cuyahoga Falls Library, Summit County
Statement of Cash Receipts, Cash Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 1,026,529	\$ 1,025,119	\$ 1,008,620	\$ (16,499)
Library and Local Government	1,673,289	1,314,532	1,316,667	2,135
Patron Fines and Fees	9,925	9,925	13,464	3,539
Contributions, Gifts and Donations	4,533	4,533	6,150	1,617
Earnings on Investments	919	919	1,247	328
Miscellaneous	2,620	2,620	3,555	935
<i>Total receipts</i>	2,717,815	2,357,648	2,349,703	(7,945)
Disbursements				
Current:				
Salaries and Benefits	1,426,000	1,401,900	1,568,594	(166,694)
Purchased and Contract Services	528,000	330,100	318,003	12,097
Library Materials and Information	509,000	368,000	458,573	(90,573)
Supplies	65,000	54,000	51,138	2,862
Other	14,000	9,000	19,178	(10,178)
Contingency	31,000	43,930	-	43,930
Capital Outlay	175,000	65,000	54,546	10,454
<i>Total Disbursements</i>	2,748,000	2,271,930	2,470,032	(198,102)
<i>Net Change in Fund Balance</i>	(30,185)	85,718	(120,329)	(206,047)
<i>Fund Balance Beginning of Year</i>	758,052	758,052	758,052	-
Prior Year Encumbrances Appropriated	342,108	342,108	342,108	-
<i>Fund Balance End of Year</i>	<u>\$ 1,069,975</u>	<u>\$ 1,185,878</u>	<u>\$ 979,831</u>	<u>\$ (206,047)</u>

See accompanying notes to the basic financial statements

Cuyahoga Falls Library, Summit County

Statement of Net Assets Cash Basis

December 31, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 3,398,675</u>
Net Assets	
Restricted for:	
Capital Projects	\$ 2,042,435
Permanent Funds	
Nonexpendable	25,000
Expendable	31,946
Other Purposes	199,134
Unrestricted	<u>1,100,160</u>
<i>Total Net Assets</i>	<u>\$ 3,398,675</u>

See accompanying notes to the basic financial statements

Cuyahoga Falls Library, Summit County

Statement of Activities - Cash Basis

For the Year Ended December 31, 2008

	Cash Disbursements	Program Cash Receipts	Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Assets
				Governmental Activities
Governmental Activities				
Salaries and Benefits	\$ 1,363,716	\$ 18,105		\$ (1,345,611)
Purchased and Contract Services	483,986	-		(483,986)
Library Materials and Information	482,478	-		(482,478)
Supplies	58,173	-		(58,173)
Other	15,636	-		(15,636)
Capital Outlay	16,968	-		(16,968)
<i>Total Governmental Activities</i>	<u>\$ 2,420,957</u>	<u>\$ 18,105</u>		<u>\$ (2,402,852)</u>
General Receipts				
Library and Local Government				1,606,632
Property Taxes Levied for Library Construction				1,033,244
Unrestricted Gifts and Contributions				131,979
Interest				64,844
Miscellaneous				8,499
<i>Total General Receipts</i>				<u>2,845,198</u>
Change in Net Assets				442,346
<i>Net Assets Beginning of Year</i>				<u>2,956,329</u>
<i>Net Assets End of Year</i>				<u>\$ 3,398,675</u>

See accompanying notes to the basic financial statements

Cuyahoga Falls Library, Summit County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,100,160	\$ 2,042,435	\$ 256,080	\$ 3,398,675
Fund Balances				
Reserved:				
Reserved for Encumbrances	342,108	-	-	342,108
Reserved for Scholarships	-	-	25,000	25,000
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	758,052	-	-	758,052
Special Revenue Funds	-	-	199,134	199,134
Capital Projects Funds	-	2,042,435	-	2,042,435
Permanent Funds	-	-	31,946	31,946
<i>Total Fund Balances</i>	<u>\$ 1,100,160</u>	<u>\$ 2,042,435</u>	<u>\$ 256,080</u>	<u>\$ 3,398,675</u>

See accompanying notes to the basic financial statements

Cuyahoga Falls Library, Summit County
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 1,033,244	-	-	\$ 1,033,244
Library and Local Government	1,606,632	-	-	1,606,632
Patron Fines and Fees	18,105	-	-	18,105
Contributions, Gifts and Donations	-	\$ 129,003	\$ 2,976	131,979
Earnings on Investments	7,311	51,603	5,930	64,844
Miscellaneous	8,499	-	-	8,499
<i>Total Receipts</i>	<u>2,673,791</u>	<u>180,606</u>	<u>8,906</u>	<u>2,863,303</u>
Disbursements				
Current:				
Salaries and Benefits	1,363,716	-	-	1,363,716
Purchased and Contract Services	483,986	-	-	483,986
Library Materials and Information	482,354	-	124	482,478
Supplies	58,173	-	-	58,173
Other	15,636	-	-	15,636
Capital Outlay	16,968	-	-	16,968
<i>Total Disbursements</i>	<u>2,420,833</u>	<u>-</u>	<u>124</u>	<u>2,420,957</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	252,958	180,606	8,782	442,346
<i>Fund Balances Beginning of Year</i>	<u>847,202</u>	<u>1,861,829</u>	<u>247,298</u>	<u>2,956,329</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,100,160</u>	<u>\$ 2,042,435</u>	<u>\$ 256,080</u>	<u>\$ 3,398,675</u>

See accompanying notes to the basic financial statements

Cuyahoga Falls Library, Summit County
Statement of Cash Receipts, Cash Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 1,039,943	\$ 1,040,581	\$ 1,033,244	\$ (7,337)
Library and Local Government	1,645,703	1,612,035	1,606,632	(5,403)
Patron Fines and Fees	13,345	16,015	18,105	2,090
Earnings on Investments	5,390	6,467	7,311	844
Miscellaneous	6,264	7,518	8,499	981
<i>Total receipts</i>	2,710,645	2,682,616	2,673,791	(8,825)
Disbursements				
Current:				
Salaries and Benefits	1,438,000	1,438,000	1,507,610	(69,610)
Purchased and Contract Services	487,000	487,000	513,334	(26,334)
Library Materials and Information	559,000	559,000	595,473	(36,473)
Supplies	68,000	68,000	60,777	7,223
Other	10,000	10,000	19,653	(9,653)
Contingency	13,000	13,000	-	13,000
Capital Outlay	120,000	120,000	66,094	53,906
<i>Total Disbursements</i>	2,695,000	2,695,000	2,762,941	(67,941)
<i>Excess of Receipts Over (Under) Disbursements</i>	15,645	(12,384)	(89,150)	(76,766)
<i>Fund Balance Beginning of Year</i>	510,464	510,464	510,464	-
Prior Year Encumbrances Appropriated	336,738	336,738	336,738	-
<i>Fund Balance End of Year</i>	<u>\$ 862,847</u>	<u>\$ 834,818</u>	<u>\$ 758,052</u>	<u>\$ (76,766)</u>

See accompanying notes to the basic financial statements

Cuyahoga Falls Library
Summit County, Ohio

Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 1 – Description of the Library and Reporting Entity

The Cuyahoga Falls Library was organized as a body corporate and politic in 1912 under the laws of the State of Ohio. The Library is directed by an eleven-member Board of Trustees of which five members are lifetime Trustees appointed by the Library Association, four members are appointed by the Mayor of Cuyahoga Falls, and two members are appointed by the Cuyahoga Falls City School District. The Library provides the community with various educational and literary resources. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Clerk-Treasurer.

The Library is fiscally independent of the Cuyahoga Falls City School District, although the School District serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the School District must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the School District.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, “The Financial Reporting Entity,” the Library is considered to be a related organization of the Cuyahoga Falls City School District.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The Library participates in the Northeast Ohio Regional Library System (NEO-RLS) a jointly governed organization. Note 9 to the financial statements for additional information for this entity.

The Library’s management believes these financial statements present all activities for which the Library is financially accountable.

Cuyahoga Falls Library
Summit County, Ohio

Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, the financial statements of the Cuyahoga Falls Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The most significant of the Library's accounting policies are described below.

A. Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Library as a whole. These statements include all financial activities of the Library. Governmental activities generally are financed through the Library and Local Government Support Fund (LLGSF).

The statement of net assets-cash basis presents the cash basis financial condition of governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self-financing on a cash basis or draws from the Library's general receipts.

Fund Financial Statements

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The Library's funds are all classified as governmental.

Cuyahoga Falls Library
Summit County, Ohio

Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Governmental Funds

Governmental funds are those through which most government functions typically are financed. Governmental funds reporting focuses on the sources, uses and balance of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. The difference between governmental fund assets and cash disbursements is reported as fund balance. The following are the Library's major governmental funds:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

Building Fund – This fund accounts for monies set aside by legislation by the Board of Library Trustees many years ago specifically for maintenance of and improvements to the Library's facilities.

The other governmental funds of the Library account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Library are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

The Library Board of Trustees annually approves appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Ohio Revised Code budgetary requirements do not apply to Cuyahoga Falls Library being an association library.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Clerk - Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

Cuyahoga Falls Library
Summit County, Ohio

Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

E. Cash and Cash Equivalents

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts (contra revenue), respectively.

During 2009 and 2008, investments were limited to STAR Ohio.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2009 and 2008.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the General Fund during 2009 amounted to \$1,247 and during 2008 amounted to \$7,311.

F. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Library has no restricted assets.

G. Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Cuyahoga Falls Library
Summit County, Ohio

Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

I. Interfund Receivables/Payables

The Library reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Library's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid. The Library had no such transactions in 2009 or 2008.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets totaling \$25,000 in the permanent fund are restricted and are non-expendable.

N. Fund Balance Reserves

The Library reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and scholarships.

Note 3 - Deposits and Investments

State statutes classify monies held by the Library into three categories.

Active deposits are public deposits necessary to meet current demands on the Library treasury. Such monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Library has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Cuyahoga Falls Library
Summit County, Ohio

Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end 2009 and 2008, the Library had \$240 and \$140 in undeposited cash on hand respectively, which is included on the balance sheet of the Library as part of "Equity in Pooled Cash and Cash Equivalents."

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2009, \$866,519 of the Library's bank balance of \$1,116,519 and at December 31, 2008, \$947,127 of the Library's bank balance of \$1,197,127 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

Cuyahoga Falls Library
Summit County, Ohio

Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

As of December 31, 2009, the Library had \$2,310,176 invested in STAROhio and as of December 31, 2008, the Library had \$2,303,811 invested in STAROhio.

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library's investment policy addresses interest rate risk by requiring that the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Note 4 – Grants – In - Aid

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 any additional revenues the Library receives.

Note 5 - Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.
- Vehicles.
- Errors and omissions.

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

Cuyahoga Falls Library
Summit County, Ohio

Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 6 - Defined Benefit Pension Plan

The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

The members of all three plans were required to contribute 10 percent of their annual covered salaries in 2009 and 2008. The Library's contribution rate for pension benefits for 2009 and 2008 was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$155,493, \$148,966, and \$137,089 respectively; the full amount has been contributed for all three years.

Note 7 - Postemployment Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2009 local government employer contribution rate was 14 percent of covered payroll; 7 percent from January 1, 2009 through March 31, 2009 and 5.5 percent from April 1, 2009 through December 31, 2009 of covered payroll was the portion that was used to fund health care. The 2008 local government employer contribution rate was 14 percent of covered payroll; 7 percent of covered payroll was the portion that was used to fund health care for 2008.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2008, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase .50 and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

Cuyahoga Falls Library
Summit County, Ohio

Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 357,584. Actual employer contributions for 2009 and 2008, which were used to fund postemployment benefits were \$61,093 and \$74,482, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2008, (the latest information available) were \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.6 billion and \$18.9 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Note 8 – Jointly Governed Organizations

The Northeast Ohio Regional Library System (NEO-RLS) is an area service organization created and governed according to the provisions of Section 3375.90 of the Ohio Revised Code. NEO-RLS is comprised of public, academic, special and school libraries in twenty-three counties. The purpose of NEO-RLS is to provide an effective and efficient sharing of information, resources, and expertise. NEO-RLS's Board of Trustees consists of fifteen 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. The Executive Director serves as an ex-officio, non-voting member. The Cuyahoga Falls Library's control over budgeting and financing of NEO-RLS is limited to its voting authority and its representation on the Board of Trustees.

Note 9 – Related Party Transactions

The Library pays an annual fee to Northeast Ohio Regional Library System (NEO-RLS) a jointly governed organization of which the Library is a member. NEO-RLS provides information, resources and expertise to its members. The Library paid \$3,853 for annual dues in 2009.

Note 10 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund in 2009 and 2008 is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end December 31, 2009 (budgetary basis) amounted to \$209,885 for the General Fund. Encumbrances outstanding at year end December 31, 2008 (budgetary basis) amounted to \$342,108 for the General Fund.

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

Cuyahoga Falls Library
Summit County
2015 Third Street
Cuyahoga Falls Ohio 44221

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Cuyahoga Falls Library, Summit County Ohio (the Library) as of and for the years ended December 31, 2009 and 2008 and have issued our report thereon dated April 15, 2010, wherein we noted the Library uses the cash basis of accounting rather than accounting principles generally accepted in the United States of America. 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.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grants agreements, 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 or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the audit committee, the Board of Trustees and others within the Library. We intend it for no one other than these specified parties.

Charles E. Harris and Associates, Inc.

April 15, 2010

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, for the years ending December 31, 2007 and 2006, reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

CUYAHOGA FALLS LIBRARY

SUMMIT 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 27, 2010**