

**AKRON-SUMMIT COUNTY PUBLIC LIBRARY
SUMMIT COUNTY, OHIO**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2007



Mary Taylor, CPA
Auditor of State

Board of Trustees
Akron Summit County Public Library
60 South High Street
Akron, Ohio 44326

We have reviewed the *Independent Auditor's Report* of the Akron Summit County Public Library, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2007 through December 31, 2007. 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 Akron Summit County Public Library is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 2, 2008

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Akron-Summit County Public Library

For The Year Ended December 31, 2007

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Independent Auditor's Report

Members of the Board of Trustees
Akron-Summit County Public Library

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Akron-Summit County Public Library (the "Library") as of and for the year ended December 31, 2007, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 opinions.

As described in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Akron-Summit County Public Library as of December 31, 2007, and the respective changes in cash financial position, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2008 on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Members of the Board of Trustees
Akron-Summit County Public Library

The management's discussion and analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of 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.

Cioni & Panichi, Inc.

Cleveland, Ohio
June 30, 2008

Akron-Summit County Public Library

Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

This discussion and analysis of the Akron-Summit County Public Library's financial performance provides an overall review of the Government's financial activities for the year ended December 31, 2007, within the limitations of the Government's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Government's financial performance.

Highlights

Key highlights for 2007 are as follows:

The Library's general receipts are primarily from the Library and Local Government Support Fund and property taxes. These receipts represent 42.7% and 49.5% respectively of the total cash received for the Library's government-wide activities during the year.

The net assets of governmental activities decreased \$2,229,602, a significant change from the prior year. The decrease in investments was due to the payment of construction costs related to the Highland Square Branch which was constructed during 2007.

The Highland Square Branch was built during 2007. The grand opening of the new facility was in August. During the fourth quarter the Library advertised and received bids for the construction of the last branch project, Kenmore. This project will be finished in 2008 and will complete the construction program of the last ten years.

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 Library's modified 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.

Akron-Summit County Public Library

Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified cash basis of accounting.

Reporting the Library as a Whole

The statement of net assets and the statement of activities reflect how the Library did financially during 2005, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Library at year-end. The statement of activities compares cash disbursements with program receipts. Program receipts include patron fines and fees 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 modified cash basis of accounting, these changes are 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, one should also consider other non-financial factors as well such as the Library's property tax base, the condition of the Library's capital assets and infrastructure, the extent of the Library's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property tax and Library and Local Government Support Fund (LLGSF).

In the statement of net assets and the statement of activities, the library reports governmental activities. All of the library's programs and services are reported here, including general public services, purchased and contracted services, and library materials and information. These services are primarily funded by property taxes and the LLGSF. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the 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 split into one category: governmental.

Akron-Summit County Public Library

Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Governmental Funds—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. 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. The Library's major governmental funds are the General Fund, Debt Retirement Fund and Building Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2007 compared to 2006 on a modified cash basis.

(Table 1)
Net Assets

	Governmental Activities	
	<u>2007</u>	<u>2006</u>
Assets		
Cash and Cash Equivalents	\$ 2,616,317	\$ 2,605,345
Investments	8,045,443	10,286,017
<i>Total Assets</i>	<u>\$ 10,661,760</u>	<u>\$ 12,891,362</u>
Net Assets		
Restricted for:		
Debt Service	\$ 1,386,714	\$ 2,934,181
Capital Projects	115,306	420,874
Permanent Fund Purpose		
Expendable	69,817	57,554
Non-Expendable	435,019	435,019
Other Purposes	1,580,660	1,569,757
Unrestricted	7,074,244	7,473,977
<i>Total Net Assets</i>	<u>\$ 10,661,760</u>	<u>\$ 12,891,362</u>

Akron-Summit County Public Library

Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Table 2 reflects the changes in net assets in 2007 compared to 2006 on a modified cash basis.

(Table 2)
Changes in Net Assets

	Governmental Activities 2007	Governmental Activities 2006	Variance
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 619,426	\$ 610,024	\$ 9,402
Operating Grants and Contributions	68,920	159,120	(90,200)
Capital Grants and Contributions	-	36,000	(36,000)
Total Program Receipts	688,346	805,144	(116,798)
General Receipts:			
Property Taxes Levied for General Purposes	10,292,876	10,075,822	217,054
Property Taxes Levied for Debt Service	4,890,705	5,476,055	(585,350)
Unrestricted Gifts and Contributions	2,367	5,490	(3,123)
Intergovernmental Revenues	15,983,607	16,325,026	(341,419)
Interest	649,245	582,752	66,493
Miscellaneous	622,806	162,748	460,058
Total General Receipts	32,441,606	32,627,893	(186,287)
Total Receipts	33,129,952	33,433,037	(303,085)
Disbursements:			
Library Services:			
Public Service and Programs	12,034,320	11,470,112	564,208
Collection Development and Processing	5,109,004	4,575,947	533,057
Support Services:			
Facilities Operation and Maintenance	5,030,181	4,424,894	605,287
Information Services	943,518	949,026	(5,508)
Business Administration	3,117,549	2,746,079	371,470
Capital Outlay	3,693,601	2,243,153	1,450,448
Debt Service:			
Principal Retirement	3,420,000	3,385,000	35,000
Interest and Fiscal Charges	2,658,250	2,692,025	(33,775)
Total Disbursements	36,006,423	32,486,236	3,520,187
Excess (Deficiency) Before Transfers	(2,876,471)	946,801	(3,823,272)
Transfers In	638,000	-	638,000
Transfers Out	(638,000)	-	(638,000)
Proceeds from Lease	646,869	-	646,869
Increase (Decrease) in Net Assets	(2,229,602)	946,801	(3,176,403)
Net Assets at Beginning of Year	12,891,362	11,944,561	946,801
Net Assets at End of Year	\$10,661,760	\$12,891,362	(\$2,229,602)

Akron-Summit County Public Library

Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Program receipts represent only 2.1 percent of total receipts and are primarily comprised of patron fines and fees, and contributions and donations.

General receipts represent 97.9 percent of the Library's total receipts, and of this amount, over 45.8 percent are local taxes. State grants and entitlements make up another 48.2 percent of the Library's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for public service programs, collection development and processing, facilities operation and maintenance, information services and business administration represent the cost of operating the Library.

Governmental Activities

On the Statement of Activities on page 11, the user 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 are Public Service and Programs, Collection Development and Processing, Facilities Operation and Maintenance, Information Services, Business Administration, Capital Outlay and Debt Service, which account for 33.4 percent, 14.2 percent, 14.0 percent, 2.6 percent, 8.7 percent, 10.2 percent, and 16.9 percent of all Library disbursements, respectively. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific 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 receipts provided by local taxpayers and state entitlements. 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 Of Services 2007	Net Cost of Services 2007
Library Services		
Public Service and Program	\$ 12,034,320	\$ 11,345,974
Collection Development and Processing	5,109,004	5,109,004
Support Services		
Facilities Operation and Maintenance	5,030,181	5,030,181
Information Services	943,518	943,518
Business Administration	3,117,549	3,117,549
Capital Outlay	3,693,601	3,693,601
Principal Retirement	3,420,000	3,420,000
Interest and Fiscal Charges	2,658,250	2,658,250
Total Expenses	<u>\$ 36,006,423</u>	<u>\$ 35,318,077</u>

Akron-Summit County Public Library

Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

The Library's Funds

Total governmental funds had receipts of \$33,129,952 and disbursements of \$36,006,423. General Fund receipts were \$408,602 less than expenditures, and the cash fund balance of \$7,074,244 was a result of prudent business management. The Building Fund expenditures were \$1,547,467 more than revenues, however, this was a result of a Library branch building project being conducted in 2007.

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.

During 2007, the Library amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were \$27,528,246 while actual receipts were \$27,704,272, resulting in \$176,026 more revenue than budgeted. Final disbursements were budgeted at \$34,931,252, while actual disbursements were \$29,511,352, resulting in \$5,419,900 less expenditures than budgeted. The result was an overall decrease to the fund balance of \$1,807,080 for 2007.

Debt Administration

Table 4 shows the Library's outstanding debt of \$55,341,025 at December 31, 2007. This amount consists of general obligation bonds issued for improvements to buildings and structures of \$53,825,000, \$845,000 tax anticipation note, and \$671,025 in capital leases for computer and copier equipment. For further information regarding the Library's debt, refer to Note 10 to the basic financial statements.

(Table 4)

Debt Administration

<u>Type of Debt</u>	<u>Description</u>	<u>Balance Outstanding at 12/31/2007</u>
Bond Issue	Series 2005	\$21,965,000
Bond Issue	Series 2002	31,860,000
Total Bonds		<u>53,825,000</u>
Notes		<u>845,000</u>
Lease	Telephone system	671,025
Total Debt		<u><u>\$55,341,025</u></u>

Akron-Summit County Public Library

Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Capital Assets

In early 2005, the Library contracted with a third party to conduct an extensive appraisal of all capital assets in the library system. This report is available for inspection at the office of the Clerk-Treasurer. Ongoing maintenance of the report will be done on an annual basis by a third party appraisal company.

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. We rely heavily on local taxes and LLGSF funding. The uncertain future of the LLGSF continues to be a major challenge facing the library. The calculation methodology of the LLGSF has been significantly changed and the Library will have to watch this affect on revenues in the coming year.

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 Sharon E. McGuire, Clerk-Treasurer, Akron-Summit County Public Library, 60 S. High Street, Akron, OH 44326.

Akron-Summit County Public Library, Summit County

Statement of Net Assets - Modified Cash Basis

December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 2,616,317
Investments	<u>8,045,443</u>
<i>Total Assets</i>	<u><u>\$ 10,661,760</u></u>
 Net Assets	
Restricted for:	
Capital Projects	\$ 115,306
Debt Service	1,386,714
Permanent Fund Purpose	
Expendable	69,817
Nonexpendable	435,019
Other Purposes	1,580,660
Unrestricted	<u>7,074,244</u>
<i>Total Net Assets</i>	<u><u>\$ 10,661,760</u></u>

See accompanying notes to the basic financial statements

Akron-Summit County Public Library, Summit County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts			Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Assets
Governmental Activities				
Library Services:				
Public Service and Programs	\$ 12,034,320	\$ 619,426	\$ 68,920	\$ (11,345,974)
Collection Development and Processing	5,109,004	-	-	(5,109,004)
Support Services:				
Facilities Operation and Maintenance	5,030,181	-	-	(5,030,181)
Information Services	943,518	-	-	(943,518)
Business Administration	3,117,549	-	-	(3,117,549)
Capital Outlay	3,693,601	-	-	(3,693,601)
Debt Service:				
Principal Retirement	3,420,000	-	-	(3,420,000)
Interest and Fiscal Charges	2,658,250	-	-	(2,658,250)
Total Governmental Activities	\$ 36,006,423	\$ 619,426	\$ 68,920	(35,318,077)

General Receipts

Property Taxes Levied for General Purposes	10,292,876
Property Taxes Levied for Debt Service	4,890,705
Intergovernmental Revenues	1,546,948
Library and Local Government Support Fund	14,436,659
Unrestricted Gifts and Contributions	2,367
Interest	649,245
Miscellaneous	622,806
Total General Receipts	32,441,606
Lease Agreement	646,869
Transfers Out	(638,000)
Transfers In	638,000
Total General Receipts, Lease Agreement, and Transfers	33,088,475
Change in Net Assets	(2,229,602)
<i>Net Assets Beginning of Year</i>	<u>12,891,362</u>
<i>Net Assets End of Year</i>	<u>\$ 10,661,760</u>

See accompanying notes to the basic financial statements

Akron-Summit County Public Library, Summit County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 1,735,967	\$ 26,774	\$ 340,289	\$ 513,287	\$ 2,616,317
Investments	5,338,277	82,331	1,046,425	1,578,410	8,045,443
<i>Total Assets</i>	<u>\$ 7,074,244</u>	<u>\$ 109,105</u>	<u>\$ 1,386,714</u>	<u>\$ 2,091,697</u>	<u>\$ 10,661,760</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$ 1,407,346	-	\$ 758,356	\$ 9,902	\$ 2,175,604
Reserved for Permanent Fund Purposes	-	-	-	435,019	435,019
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	5,666,898	-	-	-	5,666,898
Special Revenue Funds	-	-	-	1,576,017	1,576,017
Debt Service Funds	-	109,105	-	6,201	115,306
Capital Projects Funds	-	-	628,358	-	628,358
Permanent Funds	-	-	-	64,558	64,558
<i>Total Fund Balances</i>	<u>\$ 7,074,244</u>	<u>\$ 109,105</u>	<u>\$ 1,386,714</u>	<u>\$ 2,091,697</u>	<u>\$ 10,661,760</u>

See accompanying notes to the basic financial statements

Akron-Summit County Public Library, Summit County
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2007

	General	Major Fund Bond Retirement	Major Fund Building	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 10,292,876	\$ 4,890,705	-	-	\$ 15,183,581
Intergovernmental	15,476,180	507,427	-	-	15,983,607
Patron Fines and Fees	619,426	-	-	-	619,426
Contributions, Gifts and Donations	16,587	-	-	\$ 54,700	71,287
Earnings on Investments	479,332	-	\$ 84,558	85,355	649,245
Miscellaneous	173,002	4	-	449,800	622,806
<i>Total Receipts</i>	<u>27,057,403</u>	<u>5,398,136</u>	<u>84,558</u>	<u>589,855</u>	<u>33,129,952</u>
Disbursements					
Current:					
Library Services:					
Public Service and Programs	11,976,942	-	-	57,378	12,034,320
Collection Development and Processing	5,109,004	-	-	-	5,109,004
Support Services:					
Facilities Operation and Maintenance	5,030,181	-	-	-	5,030,181
Information Services	937,518	-	-	6,000	943,518
Business Administration	2,988,784	75,254	-	53,511	3,117,549
Capital Outlay	1,423,576	-	2,270,025	-	3,693,601
Debt Service:					
Principal Retirement	-	3,020,000	-	400,000	3,420,000
Interest and Fiscal Charges	-	2,608,450	-	49,800	2,658,250
<i>Total Disbursements</i>	<u>27,466,005</u>	<u>5,703,704</u>	<u>2,270,025</u>	<u>566,689</u>	<u>36,006,423</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(408,602)</u>	<u>(305,568)</u>	<u>(2,185,467)</u>	<u>23,166</u>	<u>(2,876,471)</u>
Other Financing Sources (Uses)					
Lease Agreement	646,869	-	-	-	646,869
Transfers In	-	-	638,000	-	638,000
Transfers Out	(638,000)	-	-	-	(638,000)
<i>Total Other Financing Sources (Uses)</i>	<u>8,869</u>	<u>-</u>	<u>638,000</u>	<u>-</u>	<u>646,869</u>
<i>Net Change in Fund Balances</i>	(399,733)	(305,568)	(1,547,467)	23,166	(2,229,602)
<i>Cash Fund Balances Beginning of Year</i>	<u>7,473,977</u>	<u>414,673</u>	<u>2,934,181</u>	<u>2,068,531</u>	<u>12,891,362</u>
<i>Fund Balances End of Year</i>	<u>\$ 7,074,244</u>	<u>\$ 109,105</u>	<u>\$ 1,386,714</u>	<u>\$ 2,091,697</u>	<u>\$ 10,661,760</u>

See accompanying notes to the basic financial statements

Akron-Summit County Public Library, Summit County

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

General Fund

For the Year Ended December 31, 2007

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 9,782,781	\$ 9,782,782	\$ 10,292,876	\$ 510,094
Intergovernmental	17,143,332	15,999,489	15,476,180	(523,309)
Patron Fines and Fees	620,000	620,000	619,426	(574)
Contributions, Gifts and Donations	1,975	1,975	16,587	14,612
Earnings on Investments	330,000	330,000	479,332	149,332
Miscellaneous	152,000	152,000	173,002	21,002
<i>Total receipts</i>	<u>28,030,088</u>	<u>26,886,246</u>	<u>27,057,403</u>	<u>171,157</u>
Disbursements				
Current:				
Library Services:				
Public Service and Programs	12,321,863	12,329,232	12,018,773	310,459
Collection Development and Processing	5,716,027	5,719,652	5,518,836	200,816
Support Services:				
Facilities Operation and Maintenance	6,099,062	6,132,992	5,238,691	894,301
Information Services	1,065,072	989,904	964,371	25,533
Business Administration	6,910,377	6,940,621	3,062,884	3,877,737
Capital Outlay	1,538,852	2,180,852	2,069,797	111,055
<i>Total Disbursements</i>	<u>33,651,253</u>	<u>34,293,253</u>	<u>28,873,352</u>	<u>5,419,901</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,621,165)</u>	<u>(7,407,007)</u>	<u>(1,815,949)</u>	<u>5,591,058</u>
Other Financing Sources (Uses)				
Lease Proceeds	-	642,000	646,869	4,869
Transfers Out	(638,000)	(638,000)	(638,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(638,000)</u>	<u>4,000</u>	<u>8,869</u>	<u>4,869</u>
<i>Net Change in Fund Balance</i>	<u>(6,259,165)</u>	<u>(7,403,007)</u>	<u>(1,807,080)</u>	<u>5,595,927</u>
<i>Fund Balance Beginning of Year</i>	<u>7,473,977</u>	<u>7,473,977</u>	<u>7,473,977</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 1,214,812</u>	<u>\$ 70,970</u>	<u>\$ 5,666,897</u>	<u>\$ 5,595,927</u>

See accompanying notes to the basic financial statements

Akron-Summit County Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 1 – Description of the Library and Reporting Entity

The Akron-Summit County Public Library was organized as a county district library 1874 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members, four of whom are appointed by the Summit County Executive and Council, and the other three are appointed by the Judges of the Court of Common Pleas. 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 that of the Clerk-Treasurer.

The Library is fiscally independent of the County, although the County 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 County 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 County.

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.

There are a total of nineteen Friends groups associated with the Akron-Summit County Public Library, Inc., one for the Main Library, one for each branch library, and one Council of Friends, which is an umbrella group for the other eighteen Friends groups. Each Friends group is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for these organizations, nor does the Library approve the budgets or the issuance of debt of these organizations. Therefore, these organizations have been excluded from the reporting entity of the Library.

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, the financial statements of the Akron-Summit County Public Library have been prepared on a modified cash basis of accounting. This modified 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 modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, 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

Akron-Summit County Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. (The Library does not apply FASB statements issued after November 30, 1989 to its business-type activities and to its enterprise funds.) 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 the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

The statement of net assets presents the cash balance of the 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. The library's functions include: Public Service and Programs; Collection Development and Processing; Facilities Operation and Maintenance; Information Services; Business Administration; Capital Outlay; and Debt Service. 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, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a modified 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.

Akron-Summit County Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 2 – Summary of Significant Accounting Policies (continued)

Governmental Funds

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. 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 - The building fund accounts for monies set aside by the Board of Library Trustees specifically for major capital improvements.

Debt Retirement Fund – The debt retirement fund is used to accumulate resources for the retirement of principal and interest on the library's bond indebtedness.

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 modified cash basis of accounting. 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 modified cash basis of accounting, certain assets and their relative 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

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on expenditures plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

For control purposes, the Library estimates revenues to be received during the year. These estimated revenues, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated revenues may be revised during the year if projected increases or decreases in revenue 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

Akron-Summit County Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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 ordinance 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. Investment procedures are restricted by the provisions of the Ohio Revised Code.

During 2007, investments included statement savings, Federal National Mortgage Association Notes, Federal Home Loan Notes, Federal Home Loan Bonds, a money market fund, STAR Ohio and nonnegotiable certificates of deposit. Except for the money market fund and STAR Ohio these investments are recorded at cost. The Library's money market fund investment is recorded at amounts reported by Fifth Third Bank Securities.

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, 2007.

Interest receipts credited to the general fund during 2007 amounted to \$479,332.

F. 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.

Akron-Summit County Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 2 – Summary of Significant Accounting Policies (continued)

G. 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.

H. 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 modified cash basis of accounting.

I. Long-Term Obligations

The Library's modified 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 other financing source nor capital outlay are reported at inception. Lease payments are reported when paid.

J. 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 \$435,019 in the Permanent Fund are restricted and non-expendable. Net assets restricted for other purposes include resources restricted for monies donated to the Library to benefit library programs.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

K. 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 the non-expendable portion of permanent funds.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursement, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary

Akron-Summit County Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 3 – Budgetary Basis of Accounting (continued)

basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is that the outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$1,407,347 for the General Fund.

Note 4 – Deposits and Investments

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active 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 Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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 the deposit or by savings or deposit accounts, including passbook accounts.

The Library's investment policy permits the purchase of any security specifically authorized by the Ohio Revised Code and includes the following:

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
3. Agency or instrumentality must be direct issuances of the federal government agencies or instrumentalities;
4. Interim deposit (such as Certificates of Deposit) in eligible institutions applying for interim monies;
5. Bonds and other obligations of the State of Ohio or Ohio local governments;
6. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
7. 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;

Akron-Summit County Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 4 – Deposits and Investments (continued)

8. The State Treasurer's investment pool (STAR Ohio), as long as the fund maintains the highest letter rating provided by at least one nationally recognized standard rating service as outlined in ORC 135.45;
9. Written repurchase agreements (repos) with any eligible public depository mentioned in ORC 135.03, or with any dealer who is a member of the NASD. The market value of the securities subject held as collateral for overnight repo (including sweep accounts) or term repo must exceed the principal by at least 2%, and the securities must be marked to market daily. Term repurchase agreements may not exceed 30 days. Any repurchase agreement with an eligible securities dealer must be transacted on a delivery versus payment basis. All securities purchased pursuant to a repurchase agreement must be delivered into the custody of the treasurer or an agent designated by the treasurer. Such institution or dealer must agree in writing to unconditionally repurchase any of the securities used for any repo transaction. Reverse repurchase agreements are strictly prohibited.

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.

At year end, the Library has \$1,984 of undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

A. Deposits

Custodial 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. Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By Ohio law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds on deposit with that specific institution. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institution. At year end, \$439,918 of the Library's bank balance was covered by Federal depository insurance and \$2,566,357 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.

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 (105) percent of the deposits being secured.

Akron-Summit County Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 4 – Deposits and Investments (continued)

B. Investments

Investments are reported at cost. As of December 31, 2007, the Library had the following investments:

Description of Investment	Book Value	Percent of Total Portfolio	Maturity
Federal Home Loan Notes	\$1,000,000	11.82%	06/11/2008
Federal Home Loan Notes	2,000,153	23.65%	06/30/2008
Federal Home Loan Bonds	1,000,000	11.82%	03/16/2009
Federal National Mortgage Assoc Notes	4,000,000	47.28%	04/22/2009
Money Market Fund – Gov’t Obligation	414,717	4.90%	
Outside Investment Pools - STAR Ohio	45,290	.53%	
Total Portfolio	\$8,460,160	100.0%	

Interest Rate Risk: This 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.

Credit Risk: The Federal Home Loan Notes, Federal Home Loan Bonds, and Federal National Mortgage Association Notes carry a rating of AAA by Standard and Poor’s and AAA by Fitch Ratings. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. Standard and Poor’s rating for STAR Ohio is AAAM. Investments in commercial paper are limited to notes rated at the time of purchase to the highest classification established by two nationally recognized standard rating services.

Custodial Credit Risk: For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value or collateral securities that are in possession of an outside party. The Repurchase Agreement, Federal Home Loan Bank Notes, Federal National Mortgage Association Notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty’s trust department or agent but not in the Library’s name. In order to mitigate this risk, the Library purchases its investments only through an approved broker/dealer or institution. Payment for investments is made only upon delivery of the securities representing the investments to the qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Akron-Summit County Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 4 – Deposits and Investments (continued)

Concentration of Credit Risk: The Library's investment policy provides for diversification to avoid undue concentration in securities of one type from one financial institution. This restriction does not apply to obligations guaranteed by the U.S. Government. The Library places no limit on the amount it may invest in any one issuer, however, state statutes limits investments in commercial paper and bankers acceptances to 25% of the interim monies available for investment at one time.

Note 5 – Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Ohio School District. Property tax revenue received during 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) are for 2007 taxes.

2007 real property taxes are levied after October 1, 2006, on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2007 tangible personal property taxes are levied after October 1, 2007, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are 12.50 percent of true value for both capital assets and inventories.

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

In March 2004, the Library districts' voters approved a 1.4 mil tax levy for a six-year period, with collections beginning in 2005.

Note 6 – Risk Management

During 2007, the Library obtained commercial insurance for the following risks: comprehensive property and general liability; vehicles; errors and omissions; surety bonds. Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Library also provides health, dental, vision and disability insurances to employees through private carriers.

Akron-Summit County Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

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, OPERS invests employer contributions to provide a formula retirement benefit similar in nature 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) 222-5601 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions. The Library's required contributions for pension obligations for all plans for the years ended December 31, 2007, 2006, and 2005 were \$1,709,761, \$1,603,464, and \$1,525,463 respectively; the full amount has been contributed for 2007, 2006, and 2005.

Note 8 – Post Employment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plan: the traditional pension plan – a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan – a defined contribution plan; and the combined plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the traditional pension and the combines plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, and-and-service retirees under the traditional pension and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

Akron-Summit County Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 8 – Post Employment Benefits (continued)

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interest parties may obtain a copy by writing OPERS, Attention: Finance Director, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

B. Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2007, the Library contributed 13.85 percent of its covered payroll. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 percent of covered payroll for state and local employer units such as the Library. Active members do not make contributions to the OPEB plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2007, the employer contribution allocated to the health care plan from January 1 through June 30, 2007, and July 1 through December 31, 2007, was 5 percent and 6 percent of covered payroll, respectively. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

C. Contributions by Summit-County Public Library

The number of active contributing participants in the traditional and combined plans was 374,979 as of December 31, 2007. The number of active contributing participants for both plans as of December 31, 2006, was 362,130. Actual contributions by the Library for 2007 which were used to fund post employment benefits were \$679,650. OPERS' net assets available for payment of benefits at December 31, 2006 (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively. The Library has paid all contributions required through December 31, 2007.

D. OPERS Retirement Board Implements Its Health Care Preservation Plan

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 increase as of January 1, 2006, January 1, 2007, and January 1, 2007, which allowed additional funds to be allocated to the health care plan.

Akron-Summit County Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 9 – Notes Payable

In order to cover operating expenses in 2004, the Library issued \$2 million in Tax Anticipation Notes to be repaid over a six-year period. The notes were issued based on anticipation of passage of a 1.4 mil levy, which was approved by voters in March 2004 for collection in 2005 through 2010.

A summary of the note transactions for the year ended December 31, 2007, follows:

	<u>Interest Rate</u>	<u>Balance December 31, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2007</u>
<u>Tax Anticipation Notes</u>					
2004 Issue	4.0%	\$1,245,000	\$0	\$400,000	\$845,000

The payment schedule is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2008	\$415,000	\$33,800	\$448,800
2009	430,000	17,200	447,200
Total	<u>\$845,000</u>	<u>\$51,000</u>	<u>\$896,000</u>

Note 10 – Debt

The Library's long-term debt activity for the year ended December 31, 2007, was as follows:

	<u>Interest Rate</u>	<u>Balance December 31, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2007</u>
<u>Library Improvement Bonds</u>					
Series 1998A	4.0%-5.0%	\$2,270,000	\$ -	\$2,270,000	\$ -
Series 2002	2.15%-5.0%	32,610,000	-	750,000	31,860,000
2005 Refunding	3.5%-5.0%	<u>21,965,000</u>	<u>-</u>	<u>-</u>	<u>21,965,000</u>
		<u>\$56,845,000</u>	<u>\$ -</u>	<u>\$3,020,000</u>	<u>\$53,825,000</u>

Akron-Summit County Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 10 – Debt (continued)

Principal and interest requirements to retire the general obligation bonds outstanding at December 31, 2007 are as follows:

Schedule of Debt Service to Maturity

<u>Debt Issue</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<i>Series 2002</i>	2008	\$ 775,000	\$ 1,461,215	\$ 2,236,215
	2009	795,000	1,436,803	2,231,803
	2010	820,000	1,410,170	2,230,170
	2011	855,000	1,380,650	2,235,650
	2012	885,000	1,349,015	2,234,015
	2013-2017	12,175,000	5,955,213	18,130,213
	2018-2020	15,555,000	1,580,750	17,135,750
Total		<u>\$ 31,860,000</u>	<u>\$ 14,573,815</u>	<u>\$ 46,433,815</u>
<i>Series 2005</i>	2008	\$ 2,350,000	\$ 1,022,950	\$ 3,372,950
	2009	2,465,000	905,450	3,370,450
	2010	2,555,000	819,175	3,374,175
	2011	2,640,000	729,750	3,369,750
	2012	2,775,000	597,750	3,372,750
	2013-2015	9,180,000	933,250	10,113,250
	Total		<u>\$ 21,965,000</u>	<u>\$ 5,008,325</u>

The Library Board of Trustees authorized the issuance of \$80,000,000 in Library Improvement Bonds in February, 1998. Bonds totaling \$45,000,000, were issued in March, 1998 and the remaining \$35,000,000 were issued in August, 2002. These bonds are for the construction, renovation, and/or repair of the main Library and the seventeen branches throughout Summit County.

Due to lower interest rates, the Library board approved an advance refunding of the Library's 1998A Series bond issue during 2005, saving the taxpayers nearly \$897,000 (present value) in interest over the life of the bond issue. The Board retired \$22,515,000 in debt and re-issued approximately \$21,965,000 in debt at significantly lower interest rates. During the refunding process, Moody's upgraded the Library's debt rating from A1 to Aa3.

Akron-Summit County Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 11 – Leases

The Library entered into a non-cancelable lease for the acquisition of a Voice Over IP System to be implemented system-wide at all seventeen branches and Main Library. The lease was completed in December, 2007, with the first payment made in January, 2008.

Future lease payments including interest are as follows:

<u>Year</u>	<u>Amount</u>
2008	\$223,675
2009	223,675
2010	223,675

Note 12 – Interfund Transfers

During 2007, the Library Board approved a transfer from the General Fund for \$638,000 into the Building Fund for continuation of the building program.

Note 13 – Construction and Contractual Commitments

The Library completed construction of the new Highland Square Branch during the third quarter of 2007. The Library has also commenced construction of the new Kenmore Branch during the last quarter of 2007. This is the last building project associated with the 1998 Library Improvement Bonds. As of December 31, 2007, several of the construction contracts were unpaid pending completion of the contracts.

Note 14 – Contingent Liabilities

The Library is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Library's financial condition.

Note 15 – Related Party Transactions

The Library has contracts for construction and service with S.A. Comunale Company. Frank C. Comunale, a Library Board trustee until February, 2007, is an officer in the S.A. Comunale Company. The construction contracts were awarded by the Board following the requirements as defined in the Ohio Revised Code section 3375.41. Mr. Comunale abstained from votes of the Board of Trustees on any transactions involving the S. A. Comunale Company.

**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Members of the Board of Trustees
Akron-Summit County Public Library

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Akron-Summit County Public Library (the “Library”), as of and for the year ended December 31, 2007, which collectively comprise the Library’s basic financial statements, and have issued our report thereon dated June 30, 2008, wherein we noted the Library followed the modified cash basis of accounting, a comprehensive accounting basis other 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 Control 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 expressing an opinion on the effectiveness of the Library’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Library’s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Library’s financial statements that is more than inconsequential will not be prevented or detected by the Library’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Library’s internal control.

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

Members of the Board of Trustees
Akron-Summit County Public Library

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the Akron-Summit County Public Library in a separate letter dated June 30, 2008.

This report is intended solely for the information and use of management, members of the Board, the Finance Committee, and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Ciuni & Panichi, Inc.

Cleveland, Ohio
June 30, 2008

Akron-Summit County Public Library

Schedule of Findings

December 31, 2007

1. Summary of Auditors' Results

Type of Financial Statement Opinion	Unqualified
Were there any significant deficiencies reported at the financial statement level (GAGAS)?	No
Were there any other material weaknesses reported at the financial statement level (GAGAS)?	No
Was there any material reported noncompliance at the financial statement level (GAGAS)?	No

2. Findings Related to the Financial Statements Required To Be Reported in Accordance With GAGAS

None.

Akron-Summit County Public Library

Schedule of Prior Audit Findings

December 31, 2007

Finding No.	Finding Summary	Fully Corrected	Explanation
2006-1	Appropriations exceeding estimate of available resources.	Yes	The appropriation measurements did not exceed the estimate of available resources for the December 31, 2007 audit.

Akron-Summit County Public Library
60 South High St.
Akron, OH, 44326
(330) 643-9120

**Response To Findings Associated With Audit Conducted
In Accordance With *Government Auditing Standards***

December 31, 2007

The December 31, 2007 audit reported no audit findings. Therefore, preparation of the response to findings associated with audit is not applicable.



Mary Taylor, CPA
Auditor of State

AKRON SUMMIT COUNTY PUBLIC 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
SEPTEMBER 16, 2008**