



**EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007



Mary Taylor, CPA
Auditor of State

**EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Government-wide Financial Statements - December 31, 2008:	
Statement of Net Assets – Cash Basis – December 31, 2008	11
Statement of Activities – Cash Basis – December 31, 2008	12
Fund Financial Statements – December 31, 2008:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds – December 31, 2008.....	13
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds – December 31, 2008	14
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual (Budget Basis) - General Fund – December 31, 2008.....	15
Government-wide Financial Statements - December 31, 2007:	
Statement of Net Assets – Cash Basis – December 31, 2007	17
Statement of Activities – Cash Basis – December 31, 2007	18
Fund Financial Statements – December 31, 2007:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds – December 31, 2007.....	19
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds – December 31, 2007	20
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual (Budget Basis) - General Fund – December 31, 2007.....	21
Notes to the Basic Financial Statements	23
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	35

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Library Board of Trustees:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Euclid Public Library, Cuyahoga County, Ohio, (the Library), as of and for the years ended December 31, 2008 and 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

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 financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of the Euclid Public Library, Cuyahoga County, Ohio, as of December 31, 2008 and December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2009, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 the 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.

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, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

September 3, 2009

Euclid Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and December 31, 2007
Unaudited

This discussion and analysis of the Euclid Public Library's financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2008 and December 31, 2007, 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 2008 are as follows:

The Library's general receipts are primarily property taxes and Intergovernmental Revenue. These receipts represent 94 percent of the total cash received during the year. The Library and Local Government Support Fund (LLGSF) now known as the (PLF) Public Library Fund was reduced \$34,832 (.016%) from 2007.

The current union contract with SEIU 1199 is in effect through September 30, 2009.

The Library has two major funds: the General Fund and the Building Fund.

Key highlights for 2007 are as follows:

The Library's general receipts are primarily property and Intergovernmental Revenue. These receipts represent 93 percent of the total cash received during the year. The Library and Local Government Support Fund (LLGSF) were exactly the same for 2006 and 2007. We are currently receiving less revenue from the State of Ohio than we did in 1998.

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 cash basis of accounting.

Euclid Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and December 31, 2007
Unaudited

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.

Reporting the Library as a Whole

The statement of net assets and the statement of activities reflect how the Library did financially during 2008 and 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash and cash equivalent balances of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental activity. 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 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 non-financial factors as well, such as the Library's property tax base, the condition of the Library's capital assets, 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 taxes and the LLGSF.

Euclid Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and December 31, 2007
Unaudited

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 LLGSF. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Government'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. All of the Library's funds are accounted for as Governmental Funds.

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 Library had no non-major funds, to be reported under Other Governmental Funds. The Library's major governmental funds are the General Fund and the Building Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2008 compared to 2007 and 2006 on a cash basis.

Euclid Public Library
 Cuyahoga County
 Management's Discussion and Analysis
 For the Years Ended December 31, 2008 and December 31, 2007
 Unaudited

(Table 1)
Net Assets

	Governmental Activities		
	2008	2007	2006
Assets			
Equity in Pooled Cash and Cash Equivalents	\$5,276,527	\$5,080,158	\$4,569,653
Total Assets	\$5,276,527	\$5,080,158	\$4,569,653
Net Assets			
Restricted for:			
Capital Projects	2,059,941	2,059,941	2,059,941
Unrestricted	3,216,586	3,020,217	2,509,712
Total Net Assets	\$5,276,527	\$5,080,158	\$4,569,653

Table 2 reflects the changes in the Library's net assets in 2008 and 2007 and a comparative analysis of government- wide data.

Euclid Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and December 31, 2007
Unaudited

(Table 2)
Change in Net Assets

	Governmental Governmental Activities		
	2008	2007	2006
Receipts:			
Program Receipts:			
Program Revenue	\$112,991	\$139,550	\$144,171
Total Program Revenue	112,991	139,550	144,171
General Receipts:			
Property Taxes	2,417,670	2,692,963	2,564,525
Intergovernmental	2,638,068	2,418,323	2,496,003
Grants	850	0	0
Unrestricted Gifts and Contributions	925	1,338	22,840
Earnings on Investments	163,137	238,948	172,319
Miscellaneous	19,176	7,089	23,266
Total General Receipts	5,239,826	5,358,661	5,278,953
Total Receipts	<u>\$5,352,817</u>	<u>\$5,498,211</u>	<u>\$5,423,124</u>
Disbursements:			
General Library Services	5,066,041	4,885,394	4,581,073
Capital Outlay	90,407	102,312	166,145
Total Disbursements	<u>5,156,448</u>	<u>4,987,706</u>	<u>4,747,218</u>
Excess of Receipts Over (Under) Disbursements	196,369	510,505	675,906
Total Other Financing Sources (Uses)			
Net Increase(Decrease) in Net Assets	<u>196,369</u>	<u>510,505</u>	<u>675,906</u>
Net Assets, January 1	5,080,158	4,569,653	3,893,747
Net Assets, December 31	<u>\$5,276,527</u>	<u>\$5,080,158</u>	<u>\$4,569,653</u>

Program Receipts are primarily property taxes and Intergovernmental Receipts in 2008 and 2007 are 94 percent and 93 percent respectively, of total receipts. Earnings on investments declined in 2008 because of dropping interest rates accounting for 3.1 percent of the total year receipts. Earnings on investments in 2007 were much larger as the rate on investments and the amount available for investment increased accounting for 4.4 percent of total receipts.

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

Euclid Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and December 31, 2007
Unaudited

Governmental Activities

If you look at the Statement of Activities 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 disbursements for governmental activities are Public Service and Programs, Collection Development and Processing, Facilities Operation and Maintenance, Information Services, Business Administration and Capital Outlay. The next columns of the Statement entitled Program Cash Receipts identify amounts paid by those who are directly charged for the service and received by the Library that must be used to provide a specific service. The net (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 of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
General Library Services	\$5,066,041	\$4,953,050	\$4,885,394	\$4,745,844
Capital Outlay	\$90,407	\$90,407	\$102,312	\$102,312
Total Expenditures	\$5,156,448	\$5,043,457	\$4,987,706	\$4,848,156

	Total Cost of Services 2006	Net Cost of Services 2006
General Library Services	\$4,581,073	\$4,436,902
Capital Outlay	\$166,145	\$166,145
Total Expenditures	\$4,747,218	\$4,603,047

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. The Library did amend its General Fund Budget in 2008.

During the fiscal year 2008 the budget basis revenue increased slightly from the amended budget estimates. The difference between budgeted revenues and actual revenues were \$12,758. During the fiscal year 2007 the budget basis revenue increase was \$209,649 from the budgeted estimates. The

Euclid Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and December 31, 2007
Unaudited

increase is due to the CAT tax, \$137,482, Intergovernmental revenue; and interest of \$68,948 higher than expected.

Final Disbursements for 2008 were budgeted at \$5,674,184 while actual disbursements were \$5,306,203. General Fund receipts were more than disbursements by \$46,614. Final Disbursements for 2007 were budgeted at \$5,456,428 while actual disbursements were \$5,121,798. General Fund receipts were more than disbursements by \$376,413.

Current Issues

The challenge for all Ohio Libraries is to provide quality services to meet public demands while staying within the restrictions of State funding. The Library relies heavily on property taxes and the PLF revenue. Even though the Library has stable funds, it is dependent on funding from the State to remain in this position.

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 Shirley E Narwid, Fiscal Officer, Euclid Public Library, 631 East 222nd Street, Euclid, Ohio 44123.

This page intentionally left blank.

Euclid Public Library
Cuyahoga County
Statement of Net Assets - Cash Basis
December 31, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$5,276,527</u>
<i>Total Assets</i>	<u><u>\$5,276,527</u></u>
Net Assets	
Restricted for: Capital Projects	2,059,941
Unrestricted	<u>3,216,586</u>
<i>Total Net Assets</i>	<u><u>\$5,276,527</u></u>

See accompanying notes to the basic financial statements

Euclid Public Library
Cuyahoga County
Statement of Activities-Cash Basis
For The Year Ended December 31, 2008

	<u>Cash</u> Disbursements	<u>Program Cash Receipts</u> Charges for Services and Sales	<u>Net (Disbursements) Receipts and Changes in Net Assets</u> Governmental Activities
Governmental Activities			
Library Services:			
Public Service and Programs	2,143,589	\$112,991	(\$2,030,598)
Collection Development and Processing	1,436,600		(1,436,600)
Support Services:			
Facilities Operation and Maintenance	490,259		(490,259)
Information Services	223,110		(223,110)
Business Administration	772,483		(772,483)
Capital Outlay	90,407		(90,407)
<i>Total Governmental Activities</i>	<u>\$5,156,448</u>	<u>\$112,991</u>	(5,043,457)
General Receipts			
Property Taxes Levied for General Purposes			2,417,670
Unrestricted Gifts and Contributions			925
Grants and Entitlements not Restricted to Specific Programs			2,638,918
Interest			163,137
Miscellaneous			19,176
<i>Total General Receipts</i>			<u>5,239,826</u>
Change in Net Assets			196,369
<i>Net Assets Beginning of Year</i>			<u>5,080,158</u>
<i>Net Assets End of Year</i>			<u><u>\$5,276,527</u></u>

See accompanying notes to the basic financial statements

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

	General	Building Fund	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,216,586	\$2,059,941	\$5,276,527
<i>Total Assets</i>	<u>\$3,216,586</u>	<u>\$2,059,941</u>	<u>\$5,276,527</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$149,754		\$149,754
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	3,066,832		3,066,832
Capital Projects Funds		2,059,941	2,059,941
<i>Total Fund Balances</i>	<u>\$3,216,586</u>	<u>\$2,059,941</u>	<u>\$5,276,527</u>

See accompanying notes to the basic financial statements

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

	General	Building Fund	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$2,417,670		\$2,417,670
Intergovernmental	2,638,068		2,638,068
Grant	850		850
Patron Fines and Fees	112,991		112,991
Contributions, Gifts and Donations	925		925
Earnings on Investments	163,137		163,137
Miscellaneous	19,176		19,176
	Total Receipts	0	5,352,817
Disbursements			
Current:			
Library Services:			
Public Service and Programs	2,143,589		2,143,589
Collection Development and Processing	1,436,600		1,436,600
Support Services:			
Facilities Operation and Maintenance	490,259		490,259
Information Services	223,110		223,110
Business Administration	772,483		772,483
Capital Outlay	90,407		90,407
	Total Disbursements	0	5,156,448
	Net Change in Fund Balances	0	196,369
	Fund Balances Beginning of Year	2,059,941	5,080,158
	Fund Balances End of Year	\$2,059,941	\$5,276,527

See accompanying notes to the basic financial statements

Euclid Public Library
Cuyahoga County
*Statement of Receipts, Disbursements and Changes
In 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	\$2,784,000	\$2,932,336	\$2,417,670	(\$514,666)
Intergovernmental	2,160,000	2,125,283	2,638,068	512,785
Grants	0	850	850	0
Patron Fines and Fees	139,000	112,340	112,991	651
Contributions, Gifts and Donations	1,500	1,000	925	(75)
Earnings on Investments	150,000	150,000	163,137	13,137
Miscellaneous	9,500	18,250	19,176	926
<i>Total receipts</i>	5,244,000	5,340,059	5,352,817	12,758
Disbursements				
Current:				
Library Services:				
Public Service and Programs	2,225,362	2,286,469	2,143,589	142,880
Collection Development and Processing	1,515,600	1,608,914	1,561,948	46,966
Support Services:				
Facilities Operation and Maintenance	497,760	527,791	490,259	37,532
Information Services	243,361	244,149	223,110	21,039
Business Administration	795,949	844,163	772,483	71,680
Capital Outlay	165,900	162,698	114,814	47,884
<i>Total Disbursements</i>	5,443,932	5,674,184	5,306,203	367,981
<i>Excess of Receipts Over (Under) Disbursements</i>	(199,932)	(334,125)	46,614	380,739
<i>Net Change in Fund Balance</i>	(199,932)	(334,125)	46,614	380,739
<i>Fund Balance Beginning of Year</i>	2,886,125	2,886,125	2,886,125	0
Prior Year Encumbrances Appropriated	134,092	134,092	134,092	0
<i>Fund Balance End of Year</i>	\$2,820,285	\$2,686,092	\$3,066,832	\$380,739

See accompanying notes to the basic financial statements

This page intentionally left blank.

Euclid Public Library
Cuyahoga County
Statement of Net Assets - Cash Basis
December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$5,080,158</u>
<i>Total Assets</i>	<u><u>\$5,080,158</u></u>
Net Assets	
Restricted for: Capital Projects	2,059,941
Unrestricted	<u>3,020,217</u>
<i>Total Net Assets</i>	<u><u>\$5,080,158</u></u>

See accompanying notes to the basic financial statements

Euclid Public Library
Cuyahoga County
Statement of Activities-Cash Basis
For the Year Ended December 31, 2007

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u> <u>Charges</u> <u>for Services</u> <u>and Sales</u>	<u>Net (Disbursements)</u> <u>Receipts and Changes</u> <u>in Net Assets</u> <u>Governmental</u> <u>Activities</u>
Governmental Activities			
Library Services:			
Public Service and Programs	1,997,909	\$139,550	(\$1,858,359)
Collection Development and Processing	1,489,628		(1,489,628)
Support Services:			
Facilities Operation and Maintenance	450,411		(450,411)
Information Services	200,213		(200,213)
Business Administration	747,233		(747,233)
Capital Outlay	102,312		(102,312)
	<u> </u>	<u> </u>	<u> </u>
<i>Total Governmental Activities</i>	<u>\$4,987,706</u>	<u>\$139,550</u>	(4,848,156)
General Receipts			
Property Taxes Levied for General Purposes			2,692,963
Unrestricted Gifts and Contributions			1,338
Grants and Entitlements not Restricted to Specific Programs			2,418,323
Interest			238,948
Miscellaneous			7,089
			<u> </u>
<i>Total General Receipts</i>			<u>5,358,661</u>
Change in Net Assets			510,505
<i>Net Assets Beginning of Year</i>			<u>4,569,653</u>
<i>Net Assets End of Year</i>			<u><u>\$5,080,158</u></u>

See accompanying notes to the basic financial statements

Euclid Public Library
 Cuyahoga County
Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 December 31, 2007

	General	Building Fund	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,020,217	\$2,059,941	\$5,080,158
<i>Total Assets</i>	<u>\$3,020,217</u>	<u>\$2,059,941</u>	<u>\$5,080,158</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$134,092		\$134,092
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	2,886,125		2,886,125
Capital Projects Funds		2,059,941	2,059,941
<i>Total Fund Balances</i>	<u>\$3,020,217</u>	<u>\$2,059,941</u>	<u>\$5,080,158</u>

See accompanying notes to the basic financial statements

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

	<u>General</u>	<u>Building Fund</u>	<u>Total Governmental Funds</u>
Receipts			
Property and Other Local Taxes	\$2,692,963		\$2,692,963
Intergovernmental	2,418,323		2,418,323
Patron Fines and Fees	139,550		139,550
Contributions, Gifts and Donations	1,338		1,338
Earnings on Investments	238,948		238,948
Miscellaneous	7,089		7,089
	<u>5,498,211</u>	<u>0</u>	<u>5,498,211</u>
<i>Total Receipts</i>			
Disbursements			
Current:			
Library Services:			
Public Service and Programs	1,997,909		1,997,909
Collection Development and Processing	1,489,628		1,489,628
Support Services:			
Facilities Operation and Maintenance	450,411		450,411
Information Services	200,213		200,213
Business Administration	747,233		747,233
Capital Outlay	102,312		102,312
	<u>4,987,706</u>	<u>0</u>	<u>4,987,706</u>
<i>Total Disbursements</i>			
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>510,505</u>	<u>0</u>	<u>510,505</u>
<i>Net Change in Fund Balances</i>	510,505	0	510,505
<i>Fund Balances Beginning of Year</i>	<u>2,509,712</u>	<u>2,059,941</u>	<u>4,569,653</u>
<i>Fund Balances End of Year</i>	<u><u>\$3,020,217</u></u>	<u><u>\$2,059,941</u></u>	<u><u>\$5,080,158</u></u>

See accompanying notes to the basic financial statements

Euclid Public Library
Cuyahoga 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		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$2,596,758	\$2,553,328	\$2,692,963	\$139,635
Intergovernmental	2,358,235	2,398,234	2,418,323	20,089
Patron Fines and Fees	140,500	149,500	139,550	(9,950)
Contributions, Gifts and Donations	1,000	1,500	1,338	(162)
Earnings on Investments	120,000	170,000	238,948	68,948
Miscellaneous	16,000	16,000	7,089	(8,911)
<i>Total receipts</i>	<u>5,232,493</u>	<u>5,288,562</u>	<u>5,498,211</u>	<u>209,649</u>
Disbursements				
Current:				
Library Services:				
Public Service and Programs	2,090,211	2,081,825	1,997,909	83,916
Collection Development and Processing	1,361,710	1,671,829	1,591,296	80,533
Support Services:				
Facilities Operation and Maintenance	450,347	483,716	450,411	33,305
Information Services	195,992	215,170	200,213	14,957
Business Administration	749,422	833,440	747,233	86,207
Capital Outlay	163,500	170,448	134,736	35,712
<i>Total Disbursements</i>	<u>5,011,183</u>	<u>5,456,428</u>	<u>5,121,798</u>	<u>334,630</u>
<i>Net Change in Fund Balance</i>	221,310	(167,866)	376,413	544,279
<i>Fund Balance Beginning of Year</i>	2,375,379	2,375,379	2,375,379	0
Prior Year Encumbrances Appropriated	<u>134,333</u>	<u>134,333</u>	<u>134,333</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,731,022</u>	<u>\$2,341,846</u>	<u>\$2,886,125</u>	<u>\$544,279</u>

See accompanying notes to the basic financial statements

This page intentionally left blank.

Euclid Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 1 – Description of the Library and Reporting Entity

The Euclid Public Library, Cuyahoga County, was organized as a school district public library in 1935 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Euclid City School District Board of Education. 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 (“ORC”) 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 Fiscal Officer.

The Library is fiscally independent of the Euclid 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 Board of Education 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 Euclid 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.

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

Euclid Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, the financial statements of the Euclid Public 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 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 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 the financial activities of the Library.

The statement of net assets presents the cash and investment balances, 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. 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 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.

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.

Euclid Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 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 and Repair Fund - The building and repair fund consists of revenues derived from Board approved transfers from the General Fund. These monies are unrestricted and have been set aside for major capital and technology improvements.

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 liabilities and the related expenses) 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 cash disbursements 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 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 Fiscal Officer. 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.

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 Board of Trustees during the year.

Euclid Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 2 - Summary of Significant Accounting Policies (continued)

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 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, respectively.

During 2007 and 2008, investments were limited to Federal Home Loan Mortgage Corporation, Federal Home Loan Bank Notes, Federal Farm Credit, and STAR Ohio. Except for STAR Ohio these investments are recorded at cost.

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 or 2008.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund during 2008 and 2007 amounted to \$163,137 and \$239,948, respectively, which includes \$63,688 and \$97,295 assigned from other funds.

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.

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 cash basis of accounting.

I. 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 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. 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.

Euclid Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

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, disbursements, 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 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 for the general fund at year end (budgetary basis) amounted to \$149,754 for 2008 and \$134,092 for 2007.

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 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 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;

Euclid Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 4 – Deposits and Investments (continued)

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).

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by Collateral pledged to the Library by the financial institution, or 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 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. Payments for investments, may be made only upon delivery of the securities representing the investment to the Fiscal Officer 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, the Library had \$300 in undeposited cash in each year on hand for petty cash purposes which is included as part of Equity in Pooled cash and cash equivalents on the financial statements.

Deposits

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 possession of an outside party. At fiscal year end 2008 the carrying amount of the Library's deposits was \$2,575,582 at fiscal year end 2007 the carrying amount of the Library's deposits was \$2,621,621. Of the Library bank balance of \$2,427,617 and \$2,693,474 for fiscal year end 2008 and 2007, respectively, \$1,742,808 and \$2,293,474 was uninsured and uncollateralized. Although the securities were held by the pledging institution's trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the Library to a successful claim by FDIC.

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.

Euclid Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 4 - Deposits and Investments (continued)

Investments

As of December 31, 2008, the Library had the following investments

	Carrying Value	Maturity
Federal Farm Credit	\$446,383	03/10/11
Federal Home Loan Mortgage Corporation Notes	742,098	08/04/10
Federal Home Loan Bank Notes	518,548	12/10/10
STAR Ohio	993,617	55 Day Average
Total Investments	<u>\$2,700,645</u>	

As of December 31, 2007, the Library had the following investments

	Carrying Value	Maturity
Federal Home Loan Bank Notes	492,184	07/15/08
Federal Home Loan Bank Notes	495,089	12/01/08
Federal Home Loan Bank Notes	502,161	01/23/09
Star Ohio	968,803	41 Day Average
Total Investments	<u>\$2,458,237</u>	

Interest rate risk arises because the fair value of investment changes as interest rates change. 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.

The Library's investments were rated AAA by Moody Investment Services and Star Ohio is rated AAAM by Standard & Poors.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, and the Federal Home Loan Bank Notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Library's name. The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

The library places no limit on the amount that may be invested in any one issuer. The Library investments in Star Ohio, FFCB, FHLMC, FHLB represent 36.8%, 16.5%, 27.5%, 19.2%, respectively, in 2008. The Library investments in Star Ohio, FHLB represent 39.4%, 60.6%, respectively in 2007.

Euclid Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 5 - Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Ohio School District. Real property tax receipts received in 2007 and 2008 represent the collection of 2006 and 2007 taxes. Real property taxes received in 2007 and 2008 were levied after October 1, 2006 and 2007, respectively, on the assessed values as of January 1, 2006 and 2007, respectively, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 and 2008 represent the collection of 2006 and 2007 taxes, respectively. Public utility real and tangible personal property taxes received in 2007 and 2008 became a lien on December 31, 2006 and 2007, were levied after October 1, 2006 and 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 and 2008 (other than public utility property) represent the collection of 2007 and 2008 taxes. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Library operations for the year ended December 31, 2008 was \$3.50 (3.5 mills) per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property	
Residential/Agriculture	\$1,921,919
Other Real Estate	640,602
Tangible Personal Property	87,208
Public Utility	48,875
Total Assessed Value	<u><u>\$2,698,604</u></u>

The full tax rate for all Library operations for the year ended December 31, 2007 was \$3.50 (3.5 mills) per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential/Agriculture	\$1,926,302
Other Real Estate	644,868
Tangible Personal Property	268,199
Public Utility	73,570
Total Assessed Value	<u><u>\$2,930,939</u></u>

Euclid Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 6 - 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. During 2008, the Library contracted with companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Indiana Insurance Company	Commercial Property	\$7,500,000
	General Liability	\$2,000,000/4,000,000
	Commercial Crime	\$10,000
	Inland Marine	\$5,000,000
	Vehicle	\$2,000,000
Utica National Travelers Insurance Co.	Errors and Omissions	\$2,000,000/4,000,000
	Library Officials	\$50,000 each
	Fidelity and Deposit	

In 2007, the library's coverage was as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Indiana Insurance Company	Commercial Property	\$7,000,000
	General Liability	\$1,000,000/2,000,000
	Commercial Crime	\$10,000.00
	Inland Marine	\$5,000,000
	Vehicle	\$1,000,000
Utica National Travelers Insurance Co.	Errors and Omissions	\$1,000,000/3,000,000
	Library Officials	\$50,000 each
	Fidelity and Deposit	

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 pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Note 7 - 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.

Euclid Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 7 - Defined Benefit Pension Plan (continued)

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, including post-employment health care coverage. 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.

For the year ended December 31, 2008 and 2007, the members of all three plans were required to contribute 10.0 and 9.5 percent, respectively of their annual covered salaries. The Library's contribution rate for pension benefits for 2008 and 2007 was 14.0 percent and 13.85 percent, respectively. 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, 2008, 2007, and 2006 were \$372,852, \$336,371, and \$313,600 respectively; the full amount has been contributed for 2008, 2007, and 2006.

Note 8 - 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 2008 and 2007 local government employer contribution rate were 14.00 percent and 13.85 percent respectively of covered payroll; 7.0 percent January 1 through December 31, 2008 and 5.0 percent January 1 through June 30, 2007 and 6.0 percent from July 1 through December 31, 2007 of covered payroll was the portion that was used to fund health care.

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, 2007, include a rate of return on investments of 6.50 percent for 2006 and 2007, 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 6.30 percent based on additional annual pay increases. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50 and 4.00 percent annually for the next seven years and 4.00 percent annually beyond that.

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 363,503 as of December 31, 2008 and 374,979 as of December 31, 2007. Actual employer contributions for 2008 and 2007 which were used to fund post-employment benefits were \$372,852 and \$336,371 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, 2007, (the latest information available) were \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17.0 billion, respectively.

Euclid Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 8 - Postemployment Benefits (continued)

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' healthcare coverage to improve the financial solvency of the fund in response to increasing healthcare costs.

Note 9 – Related Organizations

The Library does not have any related organization, for which it is accountable.

The Library has the following affiliate organization for which it is not accountable;
Friends of The Euclid Public Library.

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

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

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

To the Library Board of Trustees:

We have audited the financial statements of the governmental activities and each major fund of the Euclid Public Library, Cuyahoga County, Ohio, (the Library) as of and for the years ended December 31, 2008 and December 31, 2007, which collectively comprise the Library's basic financial statements and have issued our report thereon dated September 3, 2009. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 audit procedures for expressing our opinion on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in 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 its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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 grant 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 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 the Audit committee, management, and the Library Board of Trustees. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

September 3, 2009



Mary Taylor, CPA
Auditor of State

EUCLID PUBLIC LIBRARY

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 24, 2009**