



**Mary Taylor, CPA**  
Auditor of State



**WILLOUGHBY-EASTLAKE PUBLIC LIBRARY  
LAKE COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Willoughby-Eastlake Public Library  
Lake County  
263 East 305<sup>th</sup> Street  
Willowick, Ohio 44095

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Willoughby-Eastlake Public Library, Lake County, Ohio (the Library), as of and for the years ended December 31, 2008 and 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 1, 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, each major fund, and the aggregate remaining fund information of Willoughby-Eastlake Public Library, Lake County, Ohio, as of December 31, 2008 and 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 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 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

July 13, 2009

Willoughby-Eastlake Public Library  
Management's Discussion and Analysis  
December 31, 2008 and 2007  
Unaudited

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This discussion and analysis of the Willoughby-Eastlake Public Library's financial performance provides an overall review of the Library's financial activities for the years 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 and 2007 are as follows:

The Library's general receipts are primarily the Primary Library Fund (PLF)/Library and Local Governmental Support Fund (LLGSF) and Property Taxes. These receipts represent respectively 47% and 39% percent of the total cash received for governmental activities during the year of 2008 and 48% and 40% for 2007. LLGSF funds remained frozen with very small changes based on our county formula for 2007. In 2008, the funding basis and name of the library support fund was changed. As of January 2008, Ohio's public libraries are funded through 2.22% of the state's total general revenue tax. The new funding source broadens the basis of library funding to all General Revenue tax revenues, not just personal income tax. In addition, S.B. 185 changed the name of the Library and Local Government Support fund to Public Library Fund effective June 20, 2008. The fund is now called the Public Library Fund (PLF).

In March of 2007, the repairs for the damage caused by the July 27, 2006 flood were completed and the administration and technical services department moved back into their offices on the lower level of the Library's administrative offices. FEMA funds to reimburse for the damage were received in the total amount of \$103,258.

Significant expenses were incurred for waterproofing the foundation at the Willowick Library. Cassie computer reservation software was added in all buildings to facilitate registration for use of public computers.

The Library began the Strategic Planning process early in 2008, involving community and staff focus groups. Based on the results of the process, the Library chose to concentrate services on the following five areas: connecting to the online world, creating young readers, making career choices, stimulating imagination and visiting a comfortable place. A three year plan was created, but because of budget constraints only parts of the plan that could be completed with minimal expense have been pursued. Children's services staff have attended free training in the Ohio Ready to Read Initiative.

### **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.

### **Report Components (Continued)**

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 Government 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 balances and investments of the governmental and activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services 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 general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well such as the Library's property tax base, the condition of the Library's capital assets and infrastructure, 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.

In the statement of net assets and the statement of activities, we describe the Library's activities in the following way:

Governmental activities – All of the Library's basic services are reported here, State grants, PLF/LLGSF and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.



Willoughby-Eastlake Public Library  
Management's Discussion and Analysis  
December 31, 2008 and 2007  
Unaudited  
(Continued)

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**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.

Governmental Funds - All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. 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 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 Government as a Whole**

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

(Table 1)  
Net Asset  
Governmental Activities

	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	<u>\$2,129,984</u>	<u>\$2,293,824</u>	<u>\$2,182,287</u>
Total Assets	<u>\$2,129,984</u>	<u>\$2,293,824</u>	<u>\$2,182,287</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$390,424	\$377,231	\$362,070
Special Revenue Fund	17,208	16,966	16,520
Unrestricted	<u>1,722,352</u>	<u>1,899,627</u>	<u>1,803,697</u>
<i>Total Net Assets</i>	<u>\$2,129,984</u>	<u>\$2,293,824</u>	<u>\$2,182,287</u>

The 2008 net assets of governmental activities decreased \$163,840 or 7.14 percent. The 2007 net assets of governmental activities increased \$111,537 or 5 percent. The primary reason for the increase was the FEMA funds received to reimburse for expenses incurred in the 2006 flood. The decrease in net assets in 2008 from 2007 was due to less funding.

Willoughby-Eastlake Public Library  
Management's Discussion and Analysis  
December 31, 2008 and 2007  
Unaudited  
(Continued)

Table 2 reflects the changes in net assets in 2008 and 2007.

(Table 2)  
**Changes in Net Assets**

	Governmental Activities 2008	Governmental Activities 2007	Governmental Activities 2006
Receipts:			
Program Receipts:			
Public Service and Programs	\$109,396	\$114,225	\$121,335
Capital Grant	0	103,258	0
Total Program Receipts	<u>109,396</u>	<u>217,483</u>	<u>121,335</u>
General Receipts:			
Property Taxes	1,762,800	1,872,792	1,953,880
PLF/LLGSF	2,165,302	2,252,713	2,234,844
Other Intergovernmental	444,557	308,269	210,041
Unrestricted Gifts and Contributions	2,055	3,584	3,070
Interest	76,975	123,331	120,576
Miscellaneous	28,437	30,248	67,802
Total General Receipts	<u>4,480,126</u>	<u>4,590,937</u>	<u>4,590,213</u>
Total Receipts	<u><u>\$4,589,522</u></u>	<u><u>\$4,808,420</u></u>	<u><u>\$4,711,548</u></u>
Disbursements:			
Salaries and Benefits	\$2,932,882	\$2,810,595	\$2,580,423
Office Supplies	73,825	77,188	74,138
Contractual Services	385,075	377,205	454,212
Library Material and Information	953,510	962,903	963,283
Building Utilities and Repairs	304,564	331,262	303,935
Building Improvements	87,953	122,358	137,740
Other	15,553	15,372	8,917
Total Disbursements	<u>4,753,362</u>	<u>4,696,883</u>	<u>4,522,648</u>
Change in Net Assets	(163,840)	111,537	188,900
Net Assets Beginning of Year	2,293,824	2,182,287	1,993,387
Net Assets End of Year	<u><u>\$2,129,984</u></u>	<u><u>\$2,293,824</u></u>	<u><u>\$2,182,287</u></u>

Program receipts represent only 2.4 percent of total receipts in 2008 and 4.5 percent for 2007. They are primarily composed of patron fines and fees and a FEMA reimbursement in 2007.

General receipts represent 97.6 percent and 95.5 percent of the Library's total receipts for 2008 and 2007 respectively. Other receipts are insignificant revenue sources.

Willoughby-Eastlake Public Library  
Management's Discussion and Analysis  
December 31, 2008 and 2007  
Unaudited  
(Continued)

Disbursements for General Library represent the overhead costs of running the Library and the support services provided for the other Library activities. The cost include maintaining the four buildings, purchasing and processing of books and other materials, presenting programs for all age groups, providing internet services and providing other information related services.

**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 program disbursements for governmental activities are for public service and programs, collection development and processing, facilities operation and maintenance, information services and administration. The next column of the Statement entitled Charges for Services identifies amounts paid by people who are directly charged for the service by the Library. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)  
Governmental Activities

	2008		2007		2006	
	Cost of Services		Cost of Services		Cost of Services	
	Total	Net	Total	Net	Total	Net
Disbursements:						
Salaries and Benefits	\$2,932,882	(\$2,823,486)	\$2,810,595	(\$2,696,370)	\$2,580,423	(\$2,459,088)
Office Supplies	73,825	(73,825)	77,188	(77,188)	74,138	(74,138)
Contractual Services	385,075	(385,075)	377,205	(377,205)	454,212	(454,212)
Library Material and Information	953,510	(953,510)	962,903	(962,903)	963,283	(963,283)
Building Utilities and Repairs	304,564	(304,564)	331,262	(331,262)	303,935	(303,935)
Building Improvements	87,953	(87,953)	122,358	(19,100)	137,740	(137,740)
Other	15,553	(15,553)	15,372	(15,372)	8,917	(8,917)
Total Governmental Activities	\$4,753,362	(\$4,643,966)	\$4,696,883	(\$4,479,400)	\$4,522,648	(\$4,401,313)

The dependence upon property taxes and PLF/LLGSF is apparent as over 83 and 88 percent for 2008 and 2007 respectively, of governmental activities are supported through these general receipts.

**The Library's Funds**

In 2008, total Library governmental funds had receipts of \$4,589,522 and disbursements of \$4,753,362. The greatest change within governmental funds occurred within the General Fund. General Fund disbursements of \$4,753,166 exceeded the receipts of \$4,575,891 resulting in a decrease of the General Fund of \$177,275.

In 2007, total Library governmental funds had receipts of \$4,914,980 and disbursements of \$4,803,443, including transfers. The greatest change within governmental funds occurred within the General Fund. General Fund receipts of \$4,792,813 including transfers exceeded the disbursements of \$4,696,883 resulting in a increase of the General Fund of \$95,930.

### **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 2008 and 2007 amendments to the Library's General Fund budget were insignificant. Actual receipts were below the budget amount by .2 percent and above the budgeted amount by 3.4 percent in 2008 and 2007 respectively. Final actual disbursements were 24 percent below the amount budgeted for 2008 and 2007.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

The Library does not currently keep track of its capital assets and infrastructure.

#### **Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The new funding of the PLF/LLGSF will provide challenges in the coming years because of changes in the cash flow patterns and uncertainty with regard to growth.

### **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 Suzan Bocciarelli, Fiscal Officer, Willoughby-Eastlake Public Library, 263 East 305 Street, Willowick, Ohio 44095.

**Willoughby-Eastlake Public Library**  
**Lake County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2008*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,129,984
<i>Total Assets</i>	\$2,129,984
 <b>Net Assets</b>	
Restricted for:	
Capital Projects	\$390,424
Special Revenue Fund	17,208
Unrestricted	1,722,352
<i>Total Net Assets</i>	\$2,129,984

See accompanying notes to the basic financial statements

**Willoughby-Eastlake Public Library**  
 Lake County  
*Statement of Activities - Cash Basis*  
 For the Year Ended December 31, 2008

	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Charges for Services and Sales	Governmental Activities
<b>Governmental Activities</b>		
Salaries and Benefits	\$2,932,882	(\$2,823,486)
Office Supplies	73,825	(73,825)
Contractual Services	385,075	(385,075)
Library Material and Information	953,510	(953,510)
Building Utilities and Repairs	304,564	(304,564)
Building Improvements	87,953	(87,953)
Other	15,553	(15,553)
<i>Total Governmental Activities</i>	<u>\$4,753,362</u>	<u>(4,643,966)</u>
<b>General Receipts</b>		
Property Taxes Levied for General Purposes		1,762,800
Public Library Fund		2,165,302
Other Intergovernmental		444,556
Unrestricted Gifts and Contributions		2,055
Interest		76,976
Miscellaneous		28,437
<i>Total General Receipts</i>		4,480,126
Change in Net Assets		(163,840)
<i>Net Assets Beginning of Year</i>		<u>2,293,824</u>
<i>Net Assets End of Year</i>		<u><u>\$2,129,984</u></u>

See accompanying notes to the basic financial statements

**Willoughby-Eastlake Public Library**  
**Lake County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2008*

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Computer Information Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$1,722,352	\$209,244	\$181,181	\$17,207	\$2,129,984
<i>Total Assets</i>	<u>\$1,722,352</u>	<u>\$209,244</u>	<u>\$181,181</u>	<u>\$17,207</u>	<u>\$2,129,984</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	\$140,006			\$165	\$140,171
Unreserved:					
Undesignated, Reported in:					
General Fund	1,582,346				1,582,346
Special Revenue Funds				17,042	17,042
Capital Projects Funds		209,244	181,181		390,425
<i>Total Fund Balances</i>	<u>\$1,722,352</u>	<u>\$209,244</u>	<u>\$181,181</u>	<u>\$17,207</u>	<u>\$2,129,984</u>

See accompanying notes to the basic financial statements

**Willoughby-Eastlake Public Library**  
**Lake County**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*

*Governmental Funds*

*For the Year Ended December 31, 2008*

	General	Capital Projects Fund	Computer Information Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$1,762,800				\$1,762,800
Intergovernmental	444,556				444,556
Public Library Fund	2,165,302				2,165,302
Patron Fines and Fees	109,396				109,396
Contributions, Gifts and Donations	2,055				2,055
Earnings on Investments	63,345	6,573	6,621	437	76,976
Miscellaneous	28,437				28,437
<i>Total Receipts</i>	<u>4,575,891</u>	<u>6,573</u>	<u>6,621</u>	<u>437</u>	<u>4,589,522</u>
<b>Disbursements</b>					
Salaries and Benefits	2,932,882				2,932,882
Office Supplies	73,825				73,825
Contractual Services	385,075				385,075
Library Material and Information	953,314			196	953,510
Building Utilities and Repairs	304,564				304,564
Building Improvements	87,953				87,953
Other	15,553				15,553
<i>Total Disbursements</i>	<u>4,753,166</u>	<u>0</u>	<u>0</u>	<u>196</u>	<u>4,753,362</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(177,275)</u>	<u>6,573</u>	<u>6,621</u>	<u>241</u>	<u>(163,840)</u>
<i>Net Change in Fund Balances</i>	(177,275)	6,573	6,621	241	(163,840)
<i>Fund Balances Beginning of Year</i>	<u>1,899,627</u>	<u>202,671</u>	<u>174,560</u>	<u>16,966</u>	<u>2,293,824</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,722,352</u></u>	<u><u>\$209,244</u></u>	<u><u>\$181,181</u></u>	<u><u>\$17,207</u></u>	<u><u>\$2,129,984</u></u>

See accompanying notes to the basic financial statements



**Willoughby-Eastlake Public Library**  
**Lake 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	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$1,786,260	\$1,786,260	\$1,762,800	(\$23,460)
Public Library Fund	2,271,609	2,271,609	2,165,302	(106,307)
Intergovernmental	333,607	333,607	444,556	110,949
Patron Fines and Fees	104,300	104,300	109,396	5,096
Contributions, Gifts and Donations	-	-	2,055	2,055
Earnings on Investments	75,000	75,000	63,345	(11,655)
Miscellaneous	15,000	15,000	28,437	13,437
<i>Total receipts</i>	<u>4,585,776</u>	<u>4,585,776</u>	<u>4,575,891</u>	<u>(9,885)</u>
<b>Disbursements</b>				
Salaries and Benefits	3,300,000	3,322,345	2,959,638	362,707
Office Supplies	133,000	144,269	79,003	65,266
Contractual Services	580,500	602,582	411,385	191,197
Library Material and Information	1,192,250	1,240,460	1,003,921	236,539
Building Utilities and Repairs	530,000	566,307	338,843	227,464
Building Improvements	360,000	364,519	87,953	276,566
Other	153,210	153,210	15,614	137,596
<i>Total Disbursements</i>	<u>6,248,960</u>	<u>6,393,692</u>	<u>4,896,357</u>	<u>1,497,335</u>
<i>Excess of Receipts Over (Under)</i> <i>Disbursements</i>	<u>(1,663,184)</u>	<u>(1,807,916)</u>	<u>(320,466)</u>	<u>1,487,450</u>
<b>Other Financing (Uses)</b>				
Transfers Out	(50,000)	(50,000)	0	(50,000)
<i>Total Other Financing Uses</i>	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>	<u>(50,000)</u>
<i>Net Change in Fund Balance</i>	(1,713,184)	(1,857,916)	(320,466)	1,437,450
<i>Fund Balance Beginning of Year</i>	1,713,189	1,713,189	1,713,189	0
Prior Year Encumbrances Appropriated	186,438	186,438	186,438	0
<i>Fund Balance End of Year</i>	<u>\$186,443</u>	<u>\$41,711</u>	<u>\$1,579,161</u>	<u>\$1,437,450</u>

See accompanying notes to the basic financial statements

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**Willoughby-Eastlake Public Library**  
**Lake County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2007*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,293,824</u>
	<u>\$2,293,824</u>
<i>Total Assets</i>	
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$377,231
Special Revenue Fund	16,966
Unrestricted	<u>1,899,627</u>
<i>Total Net Assets</i>	<u>\$2,293,824</u>

See accompanying notes to the basic financial statements



**Willoughby-Eastlake Public Library**  
**Lake County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2007*

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Computer Information Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$1,899,627	\$202,671	\$174,560	\$16,966	\$2,293,824
<i>Total Assets</i>	<u>\$1,899,627</u>	<u>\$202,671</u>	<u>\$174,560</u>	<u>\$16,966</u>	<u>\$2,293,824</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	\$186,438				\$186,438
Unreserved:					
Undesignated, Reported in:					
General Fund	1,713,189				1,713,189
Special Revenue Funds				16,966	16,966
Capital Projects Funds		202,671	174,560		377,231
<i>Total Fund Balances</i>	<u>\$1,899,627</u>	<u>\$202,671</u>	<u>\$174,560</u>	<u>\$16,966</u>	<u>\$2,293,824</u>

See accompanying notes to the basic financial statements

**Willoughby-Eastlake Public Library  
Lake County**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2007*

	General	Capital Projects Fund	Computer Information Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$1,872,792				\$1,872,792
Intergovernmental	308,269			103,258	411,527
LLGSF	2,252,713				2,252,713
Patron Fines and Fees	114,225				114,225
Contributions, Gifts and Donations	3,584				3,584
Earnings on Investments	104,422	7,848	7,313	3,748	123,331
Miscellaneous	30,248				30,248
<i>Total Receipts</i>	<u>4,686,253</u>	<u>7,848</u>	<u>7,313</u>	<u>107,006</u>	<u>4,808,420</u>
<b>Disbursements</b>					
Salaries and Benefits	2,810,595				2,810,595
Office Supplies	77,188				77,188
Contractual Services	377,205				377,205
Library Material and Information	962,903				962,903
Building Utilities and Repairs	331,262				331,262
Building Improvements	122,358				122,358
Other	15,372				15,372
<i>Total Disbursements</i>	<u>4,696,883</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,696,883</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(10,630)</u>	<u>7,848</u>	<u>7,313</u>	<u>107,006</u>	<u>111,537</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	106,560				106,560
Transfers Out				(106,560)	(106,560)
<i>Total Other Financing Sources (Uses)</i>	<u>106,560</u>	<u>0</u>	<u>0</u>	<u>(106,560)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	95,930	7,848	7,313	446	111,537
<i>Fund Balances Beginning of Year</i>	<u>1,803,697</u>	<u>194,823</u>	<u>167,247</u>	<u>16,520</u>	<u>2,182,287</u>
<i>Fund Balances End of Year</i>	<u>\$1,899,627</u>	<u>\$202,671</u>	<u>\$174,560</u>	<u>\$16,966</u>	<u>\$2,293,824</u>

See accompanying notes to the basic financial statements

**Willoughby-Eastlake Public Library**  
**Lake 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	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$2,051,344	\$2,011,233	\$1,872,792	(\$138,441)
Intergovernmental	386,322	386,322	308,269	(\$78,053)
LLGSF	2,011,233	2,051,344	2,252,713	201,369
Patron Fines and Fees	0	0	114,224	114,224
Contributions, Gifts and Donations	0	0	3,584	3,584
Earnings on Investments	70,000	70,000	104,422	34,422
Miscellaneous	8,200	8,200	30,248	22,048
<i>Total receipts</i>	4,527,099	4,527,099	4,686,252	159,153
<b>Disbursements</b>				
Salaries and Benefits	3,096,000	3,116,443	2,832,940	283,503
Office Supplies	166,250	172,736	88,506	84,230
Contractual Services	604,975	634,488	400,831	233,657
Library Material and Information	1,206,250	1,234,132	1,025,758	208,374
Building Utilities and Repairs	610,000	645,497	392,657	252,840
Building Improvements	401,250	440,443	127,256	313,187
Other	94,174	94,174	15,372	78,802
<i>Total Disbursements</i>	6,178,899	6,337,913	4,883,320	1,454,593
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,651,800)	(1,810,814)	(197,068)	1,613,746
<b>Other Financing Sources (Uses)</b>				
Transfer Out	(50,000)	(50,000)	0	50,000
Transfers In	0	0	106,560	106,560
<i>Total Other Financing Sources (Uses)</i>	(50,000)	(50,000)	106,560	156,560
<i>Net Change in Fund Balance</i>	(1,701,800)	(1,860,814)	(90,508)	1,770,306
<i>Fund Balance Beginning of Year</i>	1,605,854	1,605,854	1,605,854	0
Prior Year Encumbrances Appropriated	197,843	197,843	197,843	0
<i>Fund Balance End of Year</i>	\$101,897	(\$57,117)	\$1,713,189	\$1,770,306
See accompanying notes to the basic financial statements				

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**Willoughby-Eastlake Public Library**  
*Notes to the Basic Financial Statements*  
*December 31, 2008 and 2007*

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**Note 1 – Description of the Library and Reporting Entity**

The Willoughby-Eastlake Public Library, Lake County, Ohio (the “Library”) was organized as a school district public library in 1906 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Ohio 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 with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Clerk-Treasurer.

The Library is fiscally independent of the Board of Education, although the Board of Education 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 Board of Education.

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 Willoughby-Eastlake 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 Willoughby-Eastlake Public Library has no component units.

The Friends of the Willoughby-Eastlake Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has 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.

**Willoughby-Eastlake Public Library**  
*Notes to the Basic Financial Statements*  
*December 31, 2008 and 2007*  
*(Continued)*

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**Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2.C, the financial statements of the Willoughby-Eastlake Public Library have been prepared on a modified 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. 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 financial condition of the governmental activities of the Library at year end. Governmental activities generally are financed through taxes and intergovernmental receipts.

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 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. 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. Nonmajor funds are aggregated and presented in a single column.

**Willoughby-Eastlake Public Library**  
*Notes to the Basic Financial Statements*  
*December 31, 2008 and 2007*  
*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**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.

**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.

Capital Projects Fund –The capital projects fund accounts for monies set aside by the Board of Library Trustees specifically for major capital improvements.

Computer Information Fund – The computer information fund accounts for monies set aside by the Board of Trustees specifically for computer technology system upgrades and enhancements.

The other governmental fund of the Library accounts for monies expended under the provision of a will.

**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.

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

**D. Budgetary Process**

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 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.

**Willoughby-Eastlake Public Library**  
*Notes to the Basic Financial Statements*  
*December 31, 2008 and 2007*  
*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

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

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 earned is reported to each individual fund.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2008 and 2007, investments were limited to Federal Farm Bank Notes, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank, interest bearing checking accounts with Charter One Bank and Fifth Third Bank, STAR Ohio and nonnegotiable certificates of deposit. Except for the checking accounts and 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, 2008.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest Revenue credited to the General Fund amounted to \$63,345, \$6,573 to the Capital Projects Fund, \$6,621 to the Computer Information Fund, and \$437 to the Worrallo Trust Fund for 2008 and \$104,422 to the General Fund, \$7,848 to the Capital Projects Fund, \$7,313 to the Computer Information Fund and \$3,748 to the Worrallo Trust Fund for 2007.

**Willoughby-Eastlake Public Library**  
*Notes to the Basic Financial Statements*  
*December 31, 2008 and 2007*  
*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**F. Restricted Assets**

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent encumbrances and the portion of the Worrallo Fund which is nonexpendable.

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**I. 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.

**J. 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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. 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.

**Note 3 – Change in Accounting Principles**

For 2007 and 2008, the Library has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding a plan. The implementation of this statement did not result in any change to the Library's financial statements.

**Willoughby-Eastlake Public Library**  
*Notes to the Basic Financial Statements*  
*December 31, 2008 and 2007*  
(Continued)

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**Note 4 – 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 at year end (budgetary basis) amounted to \$140,006 and \$186,438 for the General Fund for 2008 and 2007 respectively.

**Note 5 - Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. The State Treasurer's investment pool (STAR Ohio).

**Willoughby-Eastlake Public Library**  
*Notes to the Basic Financial Statements*  
*December 31, 2008 and 2007*  
*(Continued)*

**Note 5 - Deposits and Investments (Continued)**

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged to the Library by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

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

At year end, the Library had \$700 in undeposited cash on hand 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 the possession of an outside party. At year end 2008 and 2007, the Library had book balances of \$1,385,326 and \$1,218,510 respectively. Of the Library's bank balance of \$1,448,258 in 2008 and \$1,358,044 for 2008 and 2007 respectively, \$355,563 in 2008 and \$841,078 in 2007 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized, except as described in the following paragraph. 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 the FDIC.

The Library has no deposit policy for custodial risk beyond the requirements of the 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 must be at least one hundred five percent of the deposits being secured.

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

	<u>Carrying Value</u>	<u>Maturity</u>
Federal Home Loan Mortgage Corporation Notes	\$248,682	15 months
STAR Ohio	495,976	35 days
Total Investments	<u>\$744,658</u>	

The weighted average maturity is 8 months.

**Willoughby-Eastlake Public Library**  
*Notes to the Basic Financial Statements*  
*December 31, 2008 and 2007*  
(Continued)

**Note 5 - Deposits and Investments (Continued)**

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

	<u>Carrying Value</u>	<u>Maturity</u>
Federal Farm Credit Notes	\$346,488	13 months
Federal Home Loan Mortgage Corporation Notes	245,236	5 months
STAR Ohio	483,590	35 days
Total Investments	<u>\$1,075,314</u>	

The weighted average maturity is 6.3 months.

*Interest Rate Risk:* Interest rate risk arises because the fair value of the investment changes as interest rates change. The Library's investment policy addresses interest rate by requiring that the Library's investments be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term goals, thereby avoiding the need to sell securities prior to maturity, and by investing operating funds primarily in short-term investments.

*Credit Risk:* The Library's investments were rated AAA by Moody's Investor Services.

*Custodial Credit Risk:* 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 investment or collateral securities that are in the possession of an outside party.

*Concentration of Risk:* the Library places no limit on the amount that may be invested in any one issuer. The investments in Star Ohio and FHLMC represent 67% and 33% respectively in 2008. The Library investments in Star Ohio, FHLMC, and FFCN represent 45%, 23% and 32% respectively in 2007.

**Note 6 - Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Willoughby-Eastlake School District. Real property tax receipt received during 2008(2007) for real and public utility property taxes represents collections of the 2007(2006) taxes. 2008(2007) real property taxes are levied after October 1, 2007(2006), on the assessed value as of January 1, 2007(2006), the lien date. Assessed values are established by State law at 35 percent of appraised market value. 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.

Public utility property tax receipts received in 2008(2007) represent the collection of 2007(2006) taxes. Public utility real and tangible personal property taxes received in 2008(2007) became a lien on December 31, 2007(2006), were levied after October 1, 2007(2006), 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.

2008(2007) tangible property taxes are levied after October 1, 2007(2006), on the value as of December 31, 2007(2006). Collections are made in 2008(2007). 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. Payments 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 3, with the remainder due September 20.



**Willoughby-Eastlake Public Library**  
*Notes to the Basic Financial Statements*  
 December 31, 2008 and 2007  
 (Continued)

**Note 6 – Property Taxes (Continued)**

The full tax rate for all Library operations for the year ended December 31, 2008, was \$1.30 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/Agricultural	\$1,275,165,720
Commercial/Industrial/Mineral	448,058,140
Public Utility Property General	53,789,072
Tangible Personal Property	96,092,970
Total Assessed Value	<u>\$1,873,105,902</u>

The full tax rate for all Library operations for the year ended December 31, 2007, was \$1.30 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/Agricultural	\$1,256,917,700
Commercial/Industrial/Mineral	445,965,840
Public Utility Property General	76,667,306
Tangible Personal Property	104,496,600
Total Assessed Value	<u>\$1,884,047,446</u>

**Note 7 - 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 and 2007, the Library contracted with several companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>
Indiana Insurance	Commercial	
	Property	\$5,975,000
	General Liability	2,000,000
	Umbrella	3,000,000
	Valuable Papers	4,910,000
	Computer	122,500
	Inland Marine	
Utica National Insurance	Vehicle	1,000,000
	Errors and Omissions	1,000,000/3,000,000
Fidelity & Deposit Co. of Maryland	Library Officials	
	Fidelity and Deposit	100,000

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.

**Willoughby-Eastlake Public Library**  
*Notes to the Basic Financial Statements*  
*December 31, 2008 and 2007*  
*(Continued)*

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**Note 7 - Risk Management (Continued)**

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 8 - Defined Benefit Pension Plan**

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2008, member and employer contribution rates were consistent across all three plans. Plan members are required to contribute 10, 9.5 and 9 percent of their annual covered salary to fund pension obligations for 2008, 2007 and 2006 respectively. For calendar year 2008, the employer pension contribution rate was 14 percent of covered payroll. For calendar years 2007 and 2006, the employer pension contribution rates for the Library were 13.85 and 13.70 percent, respectively, of covered payroll. The Library contributes 2% of the regular employee's member share.

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 \$155,898, \$188,748, and \$271,339 respectively; the full amount has been contributed for 2008, 2007, and 2006. Contributions to the member-directed plan were insignificant in 2008, 2007, and 2006.

**Willoughby-Eastlake Public Library**  
*Notes to the Basic Financial Statements*  
*December 31, 2008 and 2007*  
*(Continued)*

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**Note 9 - Postemployment Benefits**

OPERS maintains a cost-sharing multiple employer defined post-employment healthcare plan. For qualifying members of the Traditional Pension and Combined Plans, this plan includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement. Those belonging to the Member-Direct Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in *GASB Statement No. 45*.

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.

The Ohio Revised Code provides 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 benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, local government employer units contributed 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. 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, 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 2008, 2007 and 2006 the employer contribution allocated to the health care plan was 7, 5, and 4.5 percent of covered payroll respectively. The Library's actual contributions for 2008, 2007 and 2006 which were used to fund post-employment benefits were \$155,898, \$106,637 and \$89,125 respectively.

**Note 10 – Leases**

The Library leases space in the Community Center from the City of Willoughby Hills. The Library disbursed \$31,200 to pay lease costs for the year ended December 31, 2008. Per the lease agreement, the Library is no longer required to pay lease payments after 2008.

**Note 11 – Interfund Transfers**

The FEMA Grant fund transferred \$106,560 to the General Fund to reimburse for expenses incurred in the July, 2006 flood at the Willowick Library. These expenditures originally occurred in the General Fund prior to the Library being granted the FEMA grant.

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# 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*

Willoughby-Eastlake Public Library  
Lake County  
263 East 305<sup>th</sup> Street  
Willowick, Ohio 44095

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Willoughby-Eastlake Public Library, Lake County, (the Library) as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Library's basic financial statements and have issued our report thereon dated July 13, 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 opinions 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 Board of Trustees. We intend it for no one other than these specified parties.

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

July 13, 2009



Mary Taylor, CPA  
Auditor of State

WILLOUGHBY-EASTLAKE PUBLIC LIBRARY

LAKE 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  
AUGUST 11, 2009