



Mary Taylor, CPA
Auditor of State

**LAKWOOD PUBLIC LIBRARY
CUYAHOGA COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Lakewood Public Library
Cuyahoga County
15425 Detroit Avenue
Lakewood, Ohio 44107

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lakewood Public Library, Cuyahoga County, Ohio (the Library), as of and for the years ended December 31, 2009, and 2008, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express 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, each major fund, and the aggregate remaining fund information of the Lakewood Public Library, Cuyahoga County, Ohio, as of December 31, 2009, and 2008, and the respective changes in cash financial position and the 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 October 8, 2010, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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

October 8, 2010

LAKWOOD PUBLIC LIBRARY
CUYAHOGA COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and December 31, 2008
Unaudited

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

Highlights

Key highlights for 2009 are as follows:

Net assets of total government activities decreased from 2008 by \$50,006 or 1.0 percent. The fund most affected by the decrease in cash and cash equivalents was the General Fund which decreased by \$102,679. However, "Other Governmental Funds" which includes the Library's endowment fund increased by \$52,673 as a result of receiving donations which totaled \$51,000 in 2009.

The Library's general receipts are primarily taxes and Public Library Fund ("PLF"). These receipts represent 96.9 percent of the total cash received for the General Fund during the year. Property taxes and PLF tax receipts for 2009 decreased by \$432,671 compared to 2008 primarily due to reduced funding of the PLF by the Ohio Government.

Key highlights for 2008 are as follows:

Net assets of total government activities decreased from 2007 by \$3,797,903 or 43.3 percent, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the Building Fund. The Library spent \$3,928,319 during 2008 on its expansion and renovation of Main Library. This project was completed in 2008.

The Library's general fund decreased by \$891,158 during 2008 primarily due to transfers to the Building Fund that were used to pay for the completion of the expansion and renovation of Main Library

The Library's general receipts are primarily property taxes and Public Library Fund ("PLF"). These receipts represent 95.4 percent of the total cash received for the General Fund during the year. Property taxes and PLF tax receipts for 2008 changed very little compared to 2007 due to stable tax rates and due to a freeze of PLF by the Ohio Government.

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.

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

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well such as the Library's property tax base, the condition of the Library's capital assets and infrastructure, the extent of the Library's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

LAKWOOD PUBLIC LIBRARY
CUYAHOGA COUNTY
 Management's Discussion and Analysis
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 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 taxed and PLF. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. 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 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. In 2009 the Library's major governmental funds was the General Fund. In 2008 the Library's major governmental funds were 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 2009, 2008 and 2007 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities		
	2009	2008	2007
Restricted for:			
Capital Projects	\$0	\$0	\$2,922,469
Permanent Fund	663,258	610,585	\$594,861
Unrestricted	4,251,681	4,354,360	\$5,245,518
Total Net Assets	\$4,914,939	\$4,964,945	\$8,762,848

LAKWOOD PUBLIC LIBRARY
CUYAHOGA COUNTY
Management's Discussion and Analysis
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Table 2 reflects the changes in net assets in 2009 and 2008.

(Table 2)
Changes in Net Assets

	Governmental Activities 2009	Governmental Activities 2008
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$111,096	\$92,885
Total Program Receipts	<u>111,096</u>	<u>92,885</u>
General Receipts:		
Property and Other Local Taxes	2,030,340	2,029,670
Intergovernmental	2,166,244	2,599,585
Grants and Contributions	59,172	13,532
Interest	14,694	176,355
Total General Receipts	<u>4,270,450</u>	<u>4,819,142</u>
Total Receipts	<u>4,381,546</u>	<u>4,912,027</u>
Disbursements:		
Library Services:		
Public Service and Programs	1,602,296	1,578,865
Collection Development and Processing	1,435,157	1,672,277
Support Services:		
Facilities Operation and Maintenance	769,667	702,433
Information Services	67,523	50,082
Business Administration	506,501	523,674
Capital Outlay:	50,408	4,182,599
Total Disbursements	<u>4,431,552</u>	<u>8,709,930</u>
Change in Net Assets	(50,006)	(3,797,903)
Net Assets, Beginning of Year	<u>4,964,945</u>	<u>8,762,848</u>
Net Assets, End of Year	<u>\$4,914,939</u>	<u>\$4,964,945</u>

**LAKWOOD PUBLIC LIBRARY
CUYAHOGA COUNTY**

Management's Discussion and Analysis
For the Years Ended December 31, 2009 and December 31, 2008
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For 2009, program receipts represent 2.5 percent of total receipts and are primarily comprised of patron fines and fees. General receipts represent 97.5 percent of the Library's total receipts, and of this amount, over 46.3 percent are local taxes. Intergovernment state grants and entitlements (PLF) make up another 49.4 percent of the Library's total receipts.

For 2008, program receipts represent 1.9 percent of total receipts and are primarily comprised of patron fines and fees. General receipts represent 98.1 percent of the Library's total receipts, and of this amount, over 41.3 percent are local taxes. Intergovernment state grants and entitlements (PLF) make up another 52.9 percent of the Library's total receipts.

Disbursements for public services and programs, collection development and processing, facilities operation and maintenance, information services, business administration as well as capital outlay represent the costs of running the Library.

Governmental Activities

If you look at the Statement of Activities on pages 12 and 20, 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 column of the statement entitled Program Cash Receipts identifies the amounts paid by people who are directly charged for the service. The Net (Disbursements) Receipts and Changes in Net Assets column compares the program receipts to the cost of the service. This net cost amount represents the cost of the service which end 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	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2009	2009	2008	2008
Library Services:				
Public Service and Programs	\$1,602,296	\$1,496,444	\$1,578,865	\$1,487,690
Collection Development and Processing	1,435,157	1,432,098	1,672,277	1,671,058
Support Services:				
Facilities Operation and Maintenance	769,667	768,994	702,433	702,340
Information Services	67,523	66,988	50,082	50,082
Business Administration	506,501	505,524	523,674	523,276
Capital Outlay	50,408	50,408	4,182,599	4,182,599
Total Disbursements	\$4,431,552	\$4,320,456	\$8,709,930	\$8,617,045

LAKESWOOD PUBLIC LIBRARY
CUYAHOGA COUNTY
Management's Discussion and Analysis
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The Library's Funds

In 2009, total governmental funds had receipts of \$4,381,546 and disbursements of \$4,431,552. The greatest change within governmental funds occurred within General Fund which decreased by \$102,679 primarily as a result in decreased funding by the State of Ohio.

In 2008, total governmental funds had receipts (not including other financing sources) of \$4,912,027 and disbursements (not including other financing uses) of \$8,709,930. The greatest change within governmental funds occurred within the Building Fund. The fund balance of the Building Fund decreased \$2,922,469 primarily due to funding the completion of the Main Library expansion and renovation.

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 2009, the Library submitted one General Fund budget. Disbursements were budgeted at \$4,759,707. Actual disbursements (including encumbrances) were \$4,503,013 for 2009. Budget receipts were above actual receipts. The difference between budgeted receipts and actual receipts was \$117,750. Maintaining actual expenditures below projected levels allowed the library to experience an overall net \$138,944 favorable fund balance variance to budget.

During 2008, the Library submitted one General Fund budget and amended it once. Disbursements were budgeted (including other financing uses) at \$5,940,028 on the initial budget and were increased by \$300,000 to \$6,240,028 on the second (final) budget. Actual disbursements (including encumbrances and transfers to other funds) were \$5,910,722 for 2008. Budget receipts (not including other financing sources) were slightly above actual receipts. The difference between budgeted receipts and actual receipts (not including other financing uses) was \$4,494. Maintaining actual expenditures below projected levels and having actual receipts come in very close to budgeted amounts allowed the library to experience an overall net \$361,394 favorable fund balance variance to budget.

Debt Administration

In 2003, the Board of Trustees of the Lakewood Public Library submitted to the Lakewood City School District Board of Education a bond issue to be used for the expansion and renovation of Main Library. The bonds will be paid from the proceeds of the property tax levy. This debt is not an obligation of the Library and will appear as a liability of the Board of Education on their financial records.

Current Issues

The challenge for all Libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. The Library completed renovating its Main Library and building a new addition of approximately 40,000 square feet.

LAKWOOD PUBLIC LIBRARY
CUYAHOGA COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and December 31, 2008
Unaudited

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 Timothy P. Laskey, Fiscal Officer, Lakewood Public Library, 15425 Detroit Avenue, Lakewood, Ohio, 44107.

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Lakewood Public Library
Cuyahoga County
Statement of Net Assets - Cash Basis
December 31, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$4,914,939</u>
<i>Total Assets</i>	<u><u>\$4,914,939</u></u>
Net Assets	
Restricted for:	
Permanent Fund Purpose	<u>\$663,258</u>
Unrestricted	<u>4,251,681</u>
<i>Total Net Assets</i>	<u><u>\$4,914,939</u></u>

See accompanying notes to the basic financial statements

Lakewood Public Library
Cuyahoga County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	Cash Disbursements	Program Cash Receipts Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
Governmental Activities			
Library Services:			
Public Service and Programs	\$1,602,296	\$105,852	(\$1,496,444)
Collection Development and Processing	1,435,157	3,059	(1,432,098)
Support Services:			
Facilities Operation and Maintenance	769,667	673	(768,994)
Information Services	67,523	535	(66,988)
Business Administration	506,501	977	(505,524)
Capital Outlay	50,408		(50,408)
<i>Total Governmental Activities</i>	<u>\$4,431,552</u>	<u>\$111,096</u>	<u>(\$4,320,456)</u>
General Receipts			
Property Taxes Levied for General Purposes			\$2,030,340
Grants and Entitlements not Restricted to Specific Programs			2,166,244
Unrestricted Gifts and Contributions			59,172
Interest			14,694
		Total General Receipts	4,270,450
		Change in Net Assets	(50,006)
		<i>Net Assets, Beginning of Year</i>	4,964,945
		<i>Net Assets, End of Year</i>	<u>\$4,914,939</u>

See accompanying notes to the basic financial statements

Lakewood Public Library

Cuyahoga County

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$4,251,681	\$663,258	\$4,914,939
<i>Total Assets</i>	<u><u>\$4,251,681</u></u>	<u><u>\$663,258</u></u>	<u><u>\$4,914,939</u></u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$71,461	\$0	\$71,461
Unreserved:			
Undesignated, Reported in:			
General Fund	4,180,220		4,180,220
Capital Projects Funds		20,221	20,221
Permanent Funds		643,037	643,037
<i>Total Fund Balances</i>	<u><u>\$4,251,681</u></u>	<u><u>\$663,258</u></u>	<u><u>\$4,914,939</u></u>

See accompanying notes to the basic financial statements

Lakewood Public Library
Cuyahoga County
Reconciliation of Total Governmental Fund Balances to
Net Assets of Government Activities
December 31, 2009

Total Governmental Fund Balances	\$4,914,939
<i>Net Assets of Governmental Activities</i>	<u><u>\$4,914,939</u></u>

See accompanying notes to the basic financial statements

**Lakewood Public Library
Cuyahoga County**

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

Governmental Funds

For the Year Ended December 31, 2009

	General Fund	Other Governmental Funds	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$2,030,340	\$0	\$2,030,340
Intergovernmental	2,166,244		2,166,244
Patron Fines and Fees	105,852		105,852
Contributions, Gifts and Donations	8,172	51,000	59,172
Earnings on Investments	13,021	1,673	14,694
Miscellaneous	5,244		5,244
<i>Total Receipts</i>	<u>4,328,873</u>	<u>52,673</u>	<u>4,381,546</u>
Disbursements			
Current:			
Library Services:			
Public Service and Programs	1,602,296		1,602,296
Collection Development and Processing	1,435,157		1,435,157
Support Services:			
Facilities Operation and Maintenance	769,667		769,667
Information Services	67,523		67,523
Business Administration	506,501		506,501
Capital Outlay	50,408		50,408
<i>Total Disbursements</i>	<u>4,431,552</u>	<u>0</u>	<u>4,431,552</u>
<i>Net Change in Fund Balances</i>	(102,679)	52,673	(50,006)
<i>Fund Balances, Beginning of Year</i>	<u>4,354,360</u>	<u>610,585</u>	<u>4,964,945</u>
<i>Fund Balances, End of Year</i>	<u><u>\$4,251,681</u></u>	<u><u>\$663,258</u></u>	<u><u>\$4,914,939</u></u>

See accompanying notes to the basic financial statements

Lakewood Public Library

Cuyahoga County

*Reconciliation of the Statement of Cash Receipts, Disbursements and Changes
in Cash Basis Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2009*

Net Changes in Fund Balances - Total Governmental Funds	(\$50,006)
<i>Change in Net Assets of Governmental Activities</i>	<u>(\$50,006)</u>

See accompanying notes to the basic financial statements

Lakewood Public Library
Cuyahoga County
General Fund

*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
For the Year Ended December 31, 2009*

	General Fund Original Budget	General Fund Final Budget	General Fund Actual	Variance with Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$1,932,019	\$1,932,019	\$2,030,340	\$98,321
Intergovernmental	2,357,604	2,357,604	2,166,244	(191,360)
Patron Fines and Fees	87,000	87,000	105,852	18,852
Contributions, Gifts and Donations	5,000	5,000	8,172	3,172
Earnings on Investments	65,000	65,000	13,021	(51,979)
Miscellaneous	0	0	5,244	5,244
<i>Total Receipts</i>	<u>4,446,623</u>	<u>4,446,623</u>	<u>4,328,873</u>	<u>(117,750)</u>
Disbursements				
Library Services:				
Public Service and Programs	1,502,018	1,502,018	1,602,296	(100,278)
Collection Development and Processing	1,661,205	1,661,205	1,492,969	168,236
Support Services:				
Facilities Operation and Maintenance	930,932	930,932	783,205	147,727
Information Services	50,000	50,000	67,523	(17,523)
Business Administration	525,552	525,552	506,612	18,940
Capital Outlay	90,000	90,000	50,408	39,592
<i>Total Disbursements</i>	<u>4,759,707</u>	<u>4,759,707</u>	<u>4,503,013</u>	<u>256,694</u>
<i>Net Change in Fund Balances</i>	(313,084)	(313,084)	(174,140)	138,944
<i>Fund Balances, Beginning of Year</i>	<u>4,225,249</u>	<u>4,225,249</u>	<u>4,225,249</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>129,111</u>	<u>129,111</u>	<u>129,111</u>	<u>0</u>
<i>Fund Balances, End of Year</i>	<u><u>\$4,041,276</u></u>	<u><u>\$4,041,276</u></u>	<u><u>\$4,180,220</u></u>	<u><u>\$138,944</u></u>

See accompanying notes to the basic financial statements

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Lakewood 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>\$4,964,945</u>
<i>Total Assets</i>	<u><u>\$4,964,945</u></u>
Net Assets	
Restricted for:	
Permanent Fund Purpose	<u>\$610,585</u>
Unrestricted	<u>4,354,360</u>
<i>Total Net Assets</i>	<u><u>\$4,964,945</u></u>

See accompanying notes to the basic financial statements

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

	Cash Disbursements	Program Cash Receipts Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
Governmental Activities			
Library Services:			
Public Service and Programs	\$1,578,865	\$91,175	(\$1,487,690)
Collection Development and Processing	1,672,277	1,219	(1,671,058)
Support Services:			
Facilities Operation and Maintenance	702,433	93	(702,340)
Information Services	50,082		(50,082)
Business Administration	523,674	398	(523,276)
Capital Outlay	4,182,599		(4,182,599)
<i>Total Governmental Activities</i>	<u>\$8,709,930</u>	<u>\$92,885</u>	<u>(\$8,617,045)</u>
General Receipts			
Property Taxes Levied for General Purposes			\$2,029,670
Grants and Entitlements not Restricted to Specific Programs			2,599,585
Unrestricted Gifts and Contributions			13,532
Interest			<u>176,355</u>
		Total General Receipts	4,819,142
		Change in Net Assets	(3,797,903)
		<i>Net Assets, Beginning of Year</i>	<u>8,762,848</u>
		<i>Net Assets, End of Year</i>	<u><u>\$4,964,945</u></u>

See accompanying notes to the basic financial statements

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

	<u>General</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$4,354,360	\$0	\$610,585	\$4,964,945
<i>Total Assets</i>	<u>\$4,354,360</u>	<u>\$0</u>	<u>\$610,585</u>	<u>\$4,964,945</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$129,111	\$0	\$0	\$129,111
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	4,225,249			4,225,249
Capital Projects Funds		0	20,221	20,221
Permanent Funds			590,364	590,364
<i>Total Fund Balances</i>	<u>\$4,354,360</u>	<u>\$0</u>	<u>\$610,585</u>	<u>\$4,964,945</u>

See accompanying notes to the basic financial statements

Lakewood Public Library
Cuyahoga County
Reconciliation of Total Governmental Fund Balances to
Net Assets of Government Activities
December 31, 2008

Total Governmental Fund Balances	\$4,964,945
<i>Net Assets of Governmental Activities</i>	<u>\$4,964,945</u>

See accompanying notes to the basic financial statements

Lakewood 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 Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$2,029,670	\$0	\$0	\$2,029,670
Intergovernmental	2,599,585			2,599,585
Patron Fines and Fees	86,573			86,573
Contributions, Gifts and Donations	7,507	5,025	1,000	13,532
Earnings on Investments	124,224	37,407	14,724	176,355
Miscellaneous	6,312			6,312
<i>Total Receipts</i>	<u>4,853,871</u>	<u>42,432</u>	<u>15,724</u>	<u>4,912,027</u>
Disbursements				
Current:				
Library Services:				
Public Service and Programs	1,578,865			1,578,865
Collection Development and Processing	1,672,277			1,672,277
Support Services:				
Facilities Operation and Maintenance	702,433			702,433
Information Services	50,082			50,082
Business Administration	523,674			523,674
Capital Outlay	254,280	3,928,319		4,182,599
<i>Total Disbursements</i>	<u>4,781,611</u>	<u>3,928,319</u>	<u>0</u>	<u>8,709,930</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	72,260	(3,885,887)	15,724	(3,797,903)
Other Financing Sources/(Uses)				
Transfers In	36,582	1,000,000		1,036,582
Transfers Out	(1,000,000)	(36,582)		(1,036,582)
<i>Total Other Financing Sources/(Uses)</i>	<u>(963,418)</u>	<u>963,418</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(891,158)	(2,922,469)	15,724	(3,797,903)
<i>Fund Balances, Beginning of Year</i>	<u>5,245,518</u>	<u>2,922,469</u>	<u>594,861</u>	<u>8,762,848</u>
<i>Fund Balances, End of Year</i>	<u><u>\$4,354,360</u></u>	<u><u>\$0</u></u>	<u><u>\$610,585</u></u>	<u><u>\$4,964,945</u></u>

See accompanying notes to the basic financial statements

Lakewood Public Library

Cuyahoga County

*Reconciliation of the Statement of Cash Receipts, Disbursements and Changes
in Cash Basis Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2008*

Net Changes in Fund Balances - Total Governmental Funds	(\$3,797,903)
<i>Change in Net Assets of Governmental Activities</i>	<u>(\$3,797,903)</u>

See accompanying notes to the basic financial statements

Lakewood Public Library
Cuyahoga County
General Fund

*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
For the Year Ended December 31, 2008*

	General Fund Original Budget	General Fund Final Budget	General Fund Actual	Variance with Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$1,915,901	\$1,915,901	\$2,029,670	\$113,769
Intergovernmental	2,656,464	2,656,464	2,599,585	(56,879)
Patron Fines and Fees	78,000	78,000	86,573	8,573
Contributions, Gifts and Donations	8,000	8,000	7,507	(493)
Earnings on Investments	200,000	200,000	124,224	(75,776)
Miscellaneous	0	0	6,312	6,312
<i>Total Receipts</i>	<u>4,858,365</u>	<u>4,858,365</u>	<u>4,853,871</u>	<u>(4,494)</u>
Disbursements				
Library Services:				
Public Service and Programs	1,502,364	1,502,364	1,583,195	(\$80,831)
Collection Development and Processing	2,049,016	2,049,016	1,735,618	313,398
Support Services:				
Facilities Operation and Maintenance	967,354	967,354	763,332	204,022
Information Services	85,000	85,000	50,386	34,614
Business Administration	536,294	536,294	523,794	12,500
Capital Outlay	100,000	100,000	254,397	(154,397)
<i>Total Disbursements</i>	<u>5,240,028</u>	<u>5,240,028</u>	<u>4,910,722</u>	<u>329,306</u>
Other Financing Uses				
Transfers In			36,582	36,582
Transfers Out	(700,000)	(1,000,000)	(1,000,000)	0
<i>Total Other Financing Uses</i>	<u>(700,000)</u>	<u>(1,000,000)</u>	<u>(963,418)</u>	<u>36,582</u>
<i>Net Change in Fund Balances</i>	(1,081,663)	(1,381,663)	(1,020,269)	361,394
<i>Fund Balances, Beginning of Year</i>	<u>5,047,924</u>	<u>5,047,924</u>	<u>5,047,924</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>197,594</u>	<u>197,594</u>	<u>197,594</u>	<u>0</u>
<i>Fund Balances, End of Year</i>	<u><u>\$4,163,855</u></u>	<u><u>\$3,863,855</u></u>	<u><u>\$4,225,249</u></u>	<u><u>\$361,394</u></u>

See accompanying notes to the basic financial statements

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

Note 1 – Description of the Library and Reporting Entity

The Lakewood Public Library was organized as a school district public library in 1916 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Lakewood 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 Fiscal Officer.

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 Lakewood City School District.

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

The Friends of the Lakewood 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.

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, the financial statements of the Lakewood 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, 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.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

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

Building Fund - The capital projects fund accounts for monies set aside by the Board of Library Trustees specifically 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

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

Note 2 - Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (Continued)

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

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

D. Budgetary Process

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

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

E. Cash and Cash Equivalents

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

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

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

During 2009 and 2008, the Library invested in STAR Ohio and the CDARS program with Western Reserve

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Bank in Medina, Ohio.

E. Cash and Cash Equivalents –(Continued)

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 Rule2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2009.

CDARS is the certificate of deposit account registry service. CDARS provides a way to access full FDIC insurance on large deposits. In 2009, the Library invested \$1,000,000 in the CDARS program through Western Reserve Bank in Medina, Ohio. This investment was broken down into six smaller deposits that were placed as certificates of deposit with a total of six banks. Each certificate of deposit has a 52 week maturity.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to all governmental funds during 2009 amounted to \$14,694 and \$176,355 in 2008.

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, laws of other governments, or imposed by enabling legislation. The library has no restricted assets.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

On fund financial statements, outstanding interfund loans (advances) are reported as “Interfund Receivables/Payables.” Interfund balances are eliminated on the statement of net assets.

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when

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

Note 2 - Summary of Significant Accounting Policies (Continued)

they are paid. As described in Note 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Library's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither other financing source nor capital outlay are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Library or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

In 2009, the government-wide statement of net assets reports \$4,914,939 of total net assets. Net assets restricted for other purposes include \$663,258 for permanent funds.

In 2008, the government-wide statement of net assets reports \$4,964,945 of total net assets. Net assets restricted for other purposes include \$610,585 for permanent funds.

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

N. Fund Balance Reserves

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

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 for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). In 2009 the encumbrances outstanding at year-end (budgetary basis) amounted to \$71,461 for the General Fund. In 2008 the encumbrances outstanding at year end (budgetary basis) amounted to \$129,111 for the General Fund.

Note 4 - 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

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

Note 4 - Deposits and Investments (Continued)

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. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single 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

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

Note 4 - Deposits and Investments (Continued)

made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand

At each year end, the Library had \$246 in undeposited cash on hand, which is included on the balance sheet of the Library as part of "Equity in Pooled Cash and Cash Equivalents."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 40, Deposit and Investment Risk Disclosures.

Deposits

At fiscal year end 2009, the carrying amount of the Library's deposits was \$66,425 and the bank balance was \$140,991. At fiscal year end 2008, the carrying amount of the Library's deposits was \$130,760 and the bank balance was \$270,823. Of the bank balance \$100,000 was covered by federal depository. Although the securities were held by the pledging financial institutions' 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 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.

Investments

As of December 31, 2009 and December 31, 2008, the Library had the following investments:

	Carrying Value	Maturity
December 31, 2009		
STAR Ohio	\$3,847,883	Less Than One Year
CDARS Western Reserve	\$1,000,385	52 Weeks
December 31, 2008		
STAR Ohio	\$4,833,939	Less Than One Year

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library does not have an investment policy

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

Note 4 - Deposits and Investments (Continued)

beyond the requirements of state statute. Ohio law addresses interest rate risk by requiring that the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating services.

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."

Note 5 - Property Taxes and Grants-In-Aid

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Lakewood City School District. Property tax receipts received in 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. Real property tax receipts received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, 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 2009 and 2008 represent the collection of 2007 and 2006 taxes respectively. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2008, were levied after October 1, 2009, and are collected with real property taxes. Public utility real and tangible personal property taxes received in 2008 became lien on December 31, 2007, were levied after October 1, 2007, and are collected in 2008 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 property tax collections are made in 2008. 2009 Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory is zero percent for 2009, and 6.25 percent for 2008. 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.

The full tax rate for all Library operations for the year ended December 31, 2009 and 2008, was \$3.50 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 and 2008 property tax receipts were based are as follows:

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

Note 5 - Property Taxes and Grants-In-Aid (Continued)

	<u>2009</u>	<u>2008</u>
Real Property	\$2,171,313	\$2,191,497
Public Utility Property	14,700	15,373
Tangible Personal Property	<u>7,492</u>	<u>28,325</u>
Total	\$2,193,505	\$2,235,195

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the county's prior intangible tax of PLF revenues and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

Note 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 2009 and 2008, the Lakewood Public Library has obtained commercial insurance for the following risks:

- Commercial property;
- Vehicle;
- Inland marine;
- Commercial crime;
- Comprehensive and general liability;
- Errors and Omissions, and
- Surety bonds

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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

The Library provided health insurance to full-time employees through a private carrier.

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

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

Note 7 - Defined Benefit Pension Plan (Continued)

directed plan.

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

For the years ended December 31, 2009 and 2008, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2009 and 2008 was 14.00 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008 and 2007 were \$323,742, \$353,927, and \$299,840, respectively. The full amount has been contributed for 2009, 2008 and 2007.

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009 and 2008, local government employers contributed 14 percent of covered payroll. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 50 percent of actual employer contributions from January 1 through March 31, 2009, and 39.29 percent from April 1 through December 31, 2009. The amount of the employer contributions which was allocated to fund postemployment healthcare was 50 percent of actual employer contributions from January 1 through December 31, 2008. The amount of the employer contributions which was allocated to fund postemployment healthcare was 32.85 percent of actual employer contributions from

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

Note 8 - Postemployment Benefits (continued)

January 1 through December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Library's contributions allocated to fund postemployment benefits, including healthcare for the years ended December 31, 2009, 2008, and 2007 were \$135,866, \$176,963, and \$118,898, respectively; 100 percent has been contributed for 2009, 2008 and 2007.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

Note 9 – Debt

The Lakewood City School District serves as the taxing authority in a ministerial function, and can issue tax related debt on behalf of the library. The determination to request approval of a tax levy, the rate and the purpose are discretionary decisions made solely by the Library Board of Trustees. In 2003, the Board of Library Trustees of the Lakewood Public Library submitted to the Lakewood City School District a bond issue to be used for the building and expansion of Main Library. The School District serves as the taxing authority and issues tax related debt on behalf of the Library, although their role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Library Trustees.

With approval of the bond issue in 2003, the School District issued bonds in the amount of \$12,500,000. Because the bonds are general obligations of the City School District, the long-term obligation is excluded from the general long-term obligations of the Lakewood Public Library.

Note 10 – Interfund Transfers

In 2009 there were no interfund transfers.

In 2008 the General Fund transferred \$700,000. in January, and \$300,000.00 in October to the Building Fund for capital improvement project. In December the Building Fund transferred back to the General Fund \$36,582.00.

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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*

Lakewood Public Library
Cuyahoga County
15425 Detroit Avenue
Lakewood, Ohio 44107

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lakewood Public Library, Cuyahoga County, Ohio, (the Library) as of and for the years ended December 31, 2009, and 2008, which collectively comprise the Library's basic financial statements and have issued our report thereon dated October 8, 2010, wherein we noted the Library uses a comprehensive accounting basis other than generally accepted accounting principles. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and 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 did note a certain matter not requiring inclusion in this report that we reported to the Library's management in a separate letter dated October 8, 2010.

We intend this report solely for the information and use of management, the Board of Trustees, and others within the Library. 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

October 8, 2010



Mary Taylor, CPA
Auditor of State

LAKWOOD 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
DECEMBER 21, 2010