

# *Taylor Memorial Public Library*

## *AUDIT REPORT*

*FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006*

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





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Taylor Memorial Public Library,  
dba Cuyahoga Falls Library  
2015 Third Street  
Cuyahoga Falls, Ohio 44221

We have reviewed the *Report of Independent Accountants* of the Taylor Memorial Public Library, dba Cuyahoga Falls Library, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 3, 2008

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**TAYLOR MEMORIAL PUBLIC LIBRARY**  
**SUMMIT COUNTY**  
**AUDIT REPORT**  
For the years ended December 31, 2007 and 2006

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

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Taylor Memorial Public Library  
Summit County  
2015 Third Street  
Cuyahoga Falls, OH 44221

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Taylor Memorial Public Library (the Library), Summit County, Ohio, as of and for the years ended December 31, 2006 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Library, as of December 31, 2006 and 2007 and the respective changes in cash basis financial position and the budgetary comparison for the General fund and the major Special Revenue funds for the year then ended in conformity with the basis of accounting Note 2 describes.

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

**In accordance with *Government Auditing Standards*, we have also issued a report dated June 17, 2008 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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.**

***Charles E. Harris & Associates, Inc.***  
**June 17, 2008**

Taylor Memorial Public Library  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
Unaudited

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This discussion and analysis of the Taylor Memorial Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2007 and 2006, 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 2007 and 2006 are as follows:

In 2007, net assets of governmental activities increased \$1,051,468 or 55 percent, a significant change from the prior year. The fund most affected by the increase was the General Fund, which realized an increase in revenue due to property and other local taxes. In 2006, net assets had a decrease of \$563,965 or 23%, mostly due to building costs.

In 2007, the Library's general receipts are primarily Library and Local Government Support Fund (LLGSF) receipts, and Property and Other Local Taxes receipts. In 2006, the Library's general receipts are mainly LLGSF. These receipts represent respectively 84.2 and 91.9 percent of the total cash received for governmental activities during the years 2007 and 2006. LLGSF receipts have been frozen and these receipts for 2007 changed very little compared to 2006 or 2005.

### **Using the Basic Financial Statements**

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

#### **Report Components**

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

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

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

#### **Basis of Accounting**

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



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Management's Discussion and Analysis  
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Unaudited

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**Reporting the Taylor Memorial Public Library as a Whole**

The statement of net assets and the statement of activities reflect how the Library did financially during 2007 and 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

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

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

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

**Reporting the Taylor Memorial Public Library's Most Significant Funds**

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

Governmental Funds - All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. In 2006 the Library has two major governmental funds – the General Fund and the Building Fund, and three major governmental funds in 2007 – the General Fund, Building Fund and the Endowment Fund. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column.

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**The Government as a Whole**

Table 1 provides a summary of the Library's net assets for 2007 compared to 2006 and 2005 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities		
	2007	2006	2005
<b>Assets</b>			
Cash and Cash Equivalents	\$ 2,956,329	\$ 1,904,861	\$ 2,468,826
<b>Net Assets</b>			
Restricted for:			
Capital Projects	1,861,829	1,430,300	1,932,038
Permanent Funds			
Nonexpendable	25,000	25,000	25,000
Expendable	30,595	29,880	-
Other Purposes	191,703	190,198	205,070
Unrestricted	847,202	229,483	306,718
Total Net Assets	\$ 2,956,329	\$ 1,904,861	\$ 2,468,826

As mentioned previously, net assets of governmental activities increased \$1,051,468 or 55 percent during 2007. The primary reasons contributing to the increases in cash balances are as follows:

- The Library had Property and Other Local Taxes receipts of \$1,037,783 in 2007.

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Table 2 reflects the changes in net assets in 2007 and 2006.

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

	Governmental Activities 2007	Governmental Activities 2006	Governmental Activities 2005
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 20,987	\$ 26,469	\$ 36,778
Total Program Receipts	<u>20,987</u>	<u>26,469</u>	<u>36,778</u>
General Receipts:			
Property and Other Local Taxes	1,037,783	-	-
Library and Local Government	1,627,685	1,608,560	1,641,573
Grants and Entitlements Not Restricted to Specific Programs	345,564	12,279	22,348
Interest	130,257	97,120	90,172
Miscellaneous	2,762	4,256	1,578
Total General Receipts	<u>3,144,051</u>	<u>1,722,215</u>	<u>1,755,671</u>
Total Receipts	<u>3,165,038</u>	<u>1,748,684</u>	<u>1,792,449</u>
Disbursements:			
Salaries and Benefits	1,239,363	1,090,217	1,166,460
Purchased and Contract Services	330,544	273,851	316,816
Library Materials and Information	437,751	311,047	358,349
Supplies	48,704	38,432	45,190
Other	8,638	21,161	9,843
Capital Outlay	48,570	577,941	515,616
Total Disbursements	<u>2,113,570</u>	<u>2,312,649</u>	<u>2,412,274</u>
Increase (Decrease) in Net Assets	1,051,468	(563,965)	(619,825)
Net Assets, January 1	1,904,861	2,468,826	3,088,651
Net Assets, December 31	<u>\$ 2,956,329</u>	<u>\$ 1,904,861</u>	<u>\$ 2,468,826</u>

Program receipts represent only 0.6 percent in 2007 and 1.5 percent in 2006 of total receipts and are primarily comprised of fines and late fees and fees charged for copier use.

General receipts represent 99 percent of the Library's total receipts, and of this amount, over 51.4 percent are Library and Local Government Funds and 33 percent are Property and Other Local Taxes for 2007. 91.0 percent are Library and Local Government Support Funds for 2006. Miscellaneous receipts, interest, and unrestricted contributions make up 15.2 percent for 2007 and 6.6 percent for 2006 of the Library's general receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

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**Governmental Activities**

If you look at the Statement of Activities on page 11 and 17, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities in 2007 are for Salaries and Benefits and Library Materials and Information, which account for 58.6 and 20.7 percent of all governmental disbursements, respectively. The major program disbursements for governmental activities in 2006 are for Salaries and Benefits and Capital Outlay, which account for 47.1 percent and 25 percent of all governmental disbursements, respectively. The next column of the Statement, entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

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

**Governmental Activities**

	Total Cost Of Services 2006	Net Cost of Services 2006
Salaries and Benefits	\$1,090,217	\$1,063,748
Purchased and Contract Services	273,851	273,851
Library Materials and Information	311,047	311,047
Supplies	38,432	38,432
Other	21,161	21,161
Capital Outlay	577,941	577,941
Total Expenses	\$2,312,649	\$2,286,180

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**Governmental Activities**

	Total Cost Of Services 2005	Net Cost of Services 2005
Salaries and Benefits	\$1,166,460	\$1,129,682
Purchased and Contract Services	316,816	316,816
Library Materials and Information	358,349	358,349
Supplies	45,190	45,190
Other	9,843	9,843
Capital Outlay	515,616	515,616
<b>Total Expenses</b>	<b>\$2,412,274</b>	<b>\$2,375,496</b>

The dependence upon LLGSF and other general revenues for governmental activities is demonstrated in the above tables. Over 99 percent of disbursements are supported through LLGSF and other general revenues in 2007, and over 98 percent of disbursements are supported through LLGSF and other general revenues in 2006.

**The Library's Funds**

In 2007, the Library's funds had receipts of \$3.2 million and disbursements of \$2.1 million. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$617,719 as a result of receipts from Property and Other Local Taxes. In 2006, total governmental funds had receipts of \$1.7 million and disbursements of \$2.3 million. The fund balance of the Building Fund decreased \$563,965.

**General Fund Budgeting Highlights**

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

In 2007, final disbursements were budgeted at \$2.6 million while actual disbursements were \$2.4 million. In 2006, final disbursements were budgeted at \$1.8 million while actual disbursements were \$1.9 million. Although receipts failed to live up to expectations in both years, appropriations were not reduced for both years. The Library kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is the increase in fund balance of \$280,981 for 2007 and a decrease of \$247,581 for 2006.

**Capital Assets and Debt Administration**

The Library does not currently keep track of its capital assets and infrastructure. The Library did not have any debt as of December 2007 and 2006.

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Unaudited

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**Current Issues**

The challenge for all libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. The Library heavily depends on receipts from the Library and Local Government Support Fund (LLGSF). With the LLGSF slightly declining in 2006 and with the uncertainty of future funding, the Library will be faced with making changes over the next several years to contain costs and determine what other options are available to the Library to increase financial resources.

**Contacting the Government's Financial Management**

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

**Taylor Memorial Public Library, Summit 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>\$ 2,956,329</u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$ 1,861,829
Permanent Funds	
Nonexpendable	25,000
Expendable	30,595
Other Purposes	191,703
Unrestricted	<u>847,202</u>
<i>Total Net Assets</i>	<u>\$ 2,956,329</u>

See accompanying notes to the basic financial statements

**Taylor Memorial Public Library, Summit County**

*Statement of Activities - Cash Basis*

*For the Year Ended December 31, 2007*

	Cash Disbursements	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Governmental Activities
<b>Governmental Activities</b>			
Salaries and Benefits	\$ 1,239,363	\$ 20,987	\$ (1,218,376)
Purchased and Contract Services	330,544	-	(330,544)
Library Materials and Information	437,751	-	(437,751)
Supplies	48,704	-	(48,704)
Other	8,638	-	(8,638)
Capital Outlay	48,570	-	(48,570)
<i>Total Governmental Activities</i>	<u>\$ 2,113,570</u>	<u>\$ 20,987</u>	<u>\$ (2,092,583)</u>
<b>General Receipts</b>			
Property and Other Local Taxes			1,037,783
Library and Local Government			1,627,685
Unrestricted Gifts and Contributions			345,564
Interest			130,257
Miscellaneous			2,762
<i>Total General Receipts</i>			<u>3,144,051</u>
Change in Net Assets			1,051,468
<i>Net Assets Beginning of Year</i>			<u>1,904,861</u>
<i>Net Assets End of Year</i>			<u><u>\$ 2,956,329</u></u>

See accompanying notes to the basic financial statements



**Taylor Memorial Public Library, Summit County**

*Statement of Cash Basis Assets and Fund Balances*

*Governmental Funds*

*December 31, 2007*

	<u>General</u>	<u>Building Fund</u>	<u>Endowment Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 847,202	\$ 1,861,829	\$ 42,441	\$ 204,857	\$ 2,956,329
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	\$ 336,738	-	-	-	\$ 336,738
Reserved for Scholarships	-	-	-	\$ 25,000	25,000
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	510,464	-	-	-	510,464
Special Revenue Funds	-	-	42,441	149,262	191,703
Capital Projects Funds	-	1,861,829	-	-	1,861,829
Permanent Funds	-	-	-	30,595	30,595
<i>Total Fund Balances</i>	<u>\$ 847,202</u>	<u>\$ 1,861,829</u>	<u>\$42,441</u>	<u>\$204,857</u>	<u>\$ 2,956,329</u>

See accompanying notes to the basic financial statements

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

	General	Building Fund	Endowment Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$ 1,037,783	-	-	-	\$ 1,037,783
Library and Local Government	1,627,685	-	-	-	1,627,685
Patron Fines and Fees	20,987	-	-	-	20,987
Contributions, Gifts and Donations	2,595	-	\$ 342,969	-	345,564
Earnings on Investments	28,587	\$ 90,302	3,449	\$ 7,919	130,257
Miscellaneous	2,762	-	-	-	2,762
<i>Total Receipts</i>	<u>2,720,399</u>	<u>90,302</u>	<u>346,418</u>	<u>7,919</u>	<u>3,165,038</u>
<b>Disbursements</b>					
Current:					
Salaries and Benefits	1,237,863	-	-	1,500	1,239,363
Purchased and Contract Services	330,544	-	-	-	330,544
Library Materials and Information	430,816	-	-	6,935	437,751
Supplies	48,704	-	-	-	48,704
Other	8,638	-	-	-	8,638
Capital Outlay	48,570	-	-	-	48,570
<i>Total Disbursements</i>	<u>2,105,135</u>	<u>-</u>	<u>-</u>	<u>8,435</u>	<u>2,113,570</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	615,264	90,302	346,418	(516)	1,051,468
<b>Other Financing Sources (Uses)</b>					
Transfers In	2,455	341,227	-	-	343,682
Transfers Out	-	-	(343,682)	-	(343,682)
<i>Total Other Financing Sources (Uses)</i>	<u>2,455</u>	<u>341,227</u>	<u>(343,682)</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	617,719	431,529	2,736	(516)	1,051,468
<i>Fund Balances Beginning of Year</i>	<u>229,483</u>	<u>1,430,300</u>	<u>39,705</u>	<u>205,373</u>	<u>1,904,861</u>
<i>Fund Balances End of Year</i>	<u>\$ 847,202</u>	<u>\$ 1,861,829</u>	<u>\$ 42,441</u>	<u>\$ 204,857</u>	<u>\$ 2,956,329</u>

See accompanying notes to the basic financial statements

**Taylor Memorial Public Library, Summit County**  
*Statement of Cash Receipts, Cash Disbursements and Changes*  
*In Cash Basis Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	-	\$ 1,058,446	\$ 1,037,783	\$ (20,663)
Library and Local Government	\$ 1,756,649	1,627,685	1,627,685	-
Patron Fines and Fees	14,436	14,436	20,987	6,551
Contributions, Gifts and Donations	-	-	2,595	2,595
Earnings on Investments	18,663	19,663	28,587	8,924
Miscellaneous	1,900	1,900	2,762	862
<i>Total receipts</i>	1,791,648	2,722,130	2,720,399	(1,731)
<b>Disbursements</b>				
Current:				
Salaries and Benefits	1,491,354	1,491,354	1,357,384	133,970
Purchased and Contract Services	487,142	487,142	417,613	69,529
Library Materials and Information	626,559	626,559	543,246	83,313
Supplies	68,277	68,277	60,046	8,231
Other	10,000	10,000	9,238	762
Contingency	6,000	6,000	-	6,000
Capital Outlay	54,364	54,364	54,346	18
<i>Total Disbursements</i>	2,743,696	2,743,696	2,441,873	301,823
<i>Excess of Receipts Over (Under) Disbursements</i>	(952,048)	(21,566)	278,526	300,092
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	2,455	2,455
<i>Net Change in Fund Balance</i>	(952,048)	(21,566)	280,981	302,547
<i>Fund Balance Beginning of Year</i>	59,137	59,137	59,137	-
Prior Year Encumbrances Appropriated	170,346	170,346	170,346	-
<i>Fund Balance End of Year</i>	<u>\$ (722,565)</u>	<u>\$ 207,917</u>	<u>\$ 510,464</u>	<u>\$ 302,547</u>

See accompanying notes to the basic financial statements

**Taylor Memorial Public Library, Summit County**  
*Statement of Cash Receipts, Cash Disbursements and Changes*  
*In Cash Basis Fund Balance - Budget and Actual -Budget Basis*  
*Endowment Fund*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Contributions, Gifts and Donations	-	-	\$ 342,969	\$ 342,969
Earnings on Investments	-	-	3,449	3,449
<i>Total receipts</i>	-	-	346,418	346,418
<b>Disbursements</b>				
Current:				
Salaries and Benefits	\$ 2,300	\$ 2,300	-	2,300
Library Materials and Information	2,454	2,454	-	2,454
<i>Total Disbursements</i>	4,754	4,754	-	4,754
<i>Excess of Receipts Over (Under) Disbursements</i>	(4,754)	(4,754)	346,418	351,172
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	-	(343,682)	(343,682)
<i>Total Other Financing Sources (Uses)</i>	-	-	(343,682)	(343,682)
<i>Net Change in Fund Balance</i>	(4,754)	(4,754)	2,736	7,490
<i>Fund Balance Beginning of Year</i>	39,705	39,705	39,705	-
<i>Fund Balance End of Year</i>	<u>\$ 34,951</u>	<u>\$ 34,951</u>	<u>\$ 42,441</u>	<u>\$ 7,490</u>

See accompanying notes to the basic financial statements

**Taylor Memorial Public Library, Summit County**

*Statement of Net Assets Cash Basis*

*December 31, 2006*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 1,904,861</u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$ 1,430,300
Permanent Funds	
Nonexpendable	25,000
Expendable	29,880
Other Purposes	190,198
Unrestricted	<u>229,483</u>
<i>Total Net Assets</i>	<u>\$ 1,904,861</u>

See accompanying notes to the basic financial statements

**Taylor Memorial Public Library, Summit County**

*Statement of Activities - Cash Basis*

*For the Year Ended December 31, 2006*

	Cash Disbursements	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Governmental Activities
<b>Governmental Activities</b>			
Salaries and Benefits	\$ 1,090,217	\$ 26,469	\$ (1,063,748)
Purchased and Contract Services	273,851	-	(273,851)
Library Materials and Information	311,047	-	(311,047)
Supplies	38,432	-	(38,432)
Other	21,161	-	(21,161)
Capital Outlay	577,941	-	(577,941)
<i>Total Governmental Activities</i>	<u>\$ 2,312,649</u>	<u>\$ 26,469</u>	<u>\$ (2,286,180)</u>
<b>General Receipts</b>			
Library and Local Government			1,608,560
Unrestricted Gifts and Contributions			12,279
Interest			97,120
Miscellaneous			4,256
<i>Total General Receipts</i>			<u>1,722,215</u>
Change in Net Assets			(563,965)
<i>Net Assets Beginning of Year</i>			<u>2,468,826</u>
<i>Net Assets End of Year</i>			<u><u>\$ 1,904,861</u></u>

See accompanying notes to the basic financial statements

**Taylor Memorial Public Library, Summit County**

*Statement of Cash Basis Assets and Fund Balances*

*Governmental Funds*

*December 31, 2006*

	<u>General</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 229,483	\$ 1,430,300	\$ 245,078	\$ 1,904,861
<b>Fund Balances</b>				
Reserved:				
Reserved for Encumbrances	170,346	-	-	170,346
Reserved for Scholarships	-	-	25,000	25,000
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	59,137	-	-	59,137
Special Revenue Funds	-	-	190,198	190,198
Capital Projects Funds	-	1,430,300	-	1,430,300
Permanent Funds	-	-	29,880	29,880
<i>Total Fund Balances</i>	<u>\$ 229,483</u>	<u>\$ 1,430,300</u>	<u>\$ 245,078</u>	<u>\$ 1,904,861</u>

See accompanying notes to the basic financial statements

**Taylor Memorial Public Library, Summit County**  
*Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Library and Local Government	\$ 1,608,560	-	-	\$ 1,608,560
Patron Fines and Fees	26,469	-	-	26,469
Contributions, Gifts and Donations	-	-	\$ 12,279	12,279
Earnings on Investments	2,696	\$ 83,961	10,463	97,120
Miscellaneous	4,256	-	-	4,256
<i>Total Receipts</i>	<u>1,641,981</u>	<u>83,961</u>	<u>22,742</u>	<u>1,748,684</u>
<b>Disbursements</b>				
Current:				
Salaries and Benefits	1,087,717	-	2,500	1,090,217
Purchased and Contract Services	264,486	9,365	-	273,851
Library Materials and Information	305,812	-	5,235	311,047
Supplies	38,432	-	-	38,432
Other	21,161	-	-	21,161
Capital Outlay	1,607	576,334	-	577,941
<i>Total Disbursements</i>	<u>1,719,215</u>	<u>585,699</u>	<u>7,735</u>	<u>2,312,649</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(77,234)	(501,738)	15,007	(563,965)
<i>Fund Balances Beginning of Year</i>	<u>306,717</u>	<u>1,932,038</u>	<u>230,071</u>	<u>2,468,826</u>
<i>Fund Balances End of Year</i>	<u>\$ 229,483</u>	<u>\$ 1,430,300</u>	<u>\$ 245,078</u>	<u>\$ 1,904,861</u>

See accompanying notes to the basic financial statements



**Taylor Memorial Public Library, Summit County**  
*Statement of Cash Receipts, Cash Disbursements and Changes*  
*In Cash Basis Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Library and Local Government	\$ 1,608,560	\$ 1,608,560	\$ 1,608,560	-
Patron Fines and Fees	39,599	28,511	26,469	\$ (2,042)
Earnings on Investments	4,033	2,904	2,696	(208)
Miscellaneous	6,367	4,584	4,256	(328)
<i>Total receipts</i>	1,658,559	1,644,559	1,641,981	(2,578)
<b>Disbursements</b>				
Current:				
Salaries and Benefits	1,180,320	1,180,320	1,177,723	2,597
Purchased and Contract Services	297,333	297,333	279,627	17,706
Library Materials and Information	388,788	388,788	367,370	21,418
Supplies	45,000	45,000	41,709	3,291
Other	21,893	21,893	21,161	732
Contingency	14,943	14,943	-	14,943
Capital Outlay	3,000	3,000	1,972	1,028
<i>Total Disbursements</i>	1,951,277	1,951,277	1,889,562	61,715
<i>Excess of Receipts Over (Under) Disbursements</i>	(292,718)	(306,718)	(247,581)	59,137
<i>Fund Balance Beginning of Year</i>	183,904	183,904	183,904	-
Prior Year Encumbrances Appropriated	122,814	122,814	122,814	-
<i>Fund Balance End of Year</i>	<u>\$ 14,000</u>	<u>\$ -</u>	<u>\$ 59,137</u>	<u>\$ 59,137</u>

See accompanying notes to the basic financial statements

**Taylor Memorial Public Library**  
**Summit County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2007 and 2006*

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

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

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

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

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

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

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

**Taylor Memorial Public Library**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2007 and 2006*

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

As discussed further in Note 2.C, the financial statements of the Taylor Memorial 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. The most significant of the Library's accounting policies are described below.

**A. Basis of Presentation**

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

**Government-wide Financial Statements**

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

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

**Fund Financial Statements**

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

**B. Fund Accounting**

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

**Taylor Memorial Public Library**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2007 and 2006*

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Governmental Funds

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

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

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

Endowment Fund – This fund accounts for monies donated to the Library where both principal and interest may be spent without restriction.

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

C. Basis of Accounting

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

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

D. Budgetary Process

The Library Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at fund, function and object level of control.

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.

**Taylor Memorial Public Library  
Summit County, Ohio**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006*

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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 2007 and 2006, investments were limited to STAR Ohio.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007 and 2006.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the General Fund during 2007 amounted to \$28,587 and during 2006 amounted to \$2,696.

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

**Taylor Memorial Public Library**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2007 and 2006*

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I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

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

L. Long-Term Obligations

The Library's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid. The Library had no such transactions in 2007 or 2006.

M. Net Assets

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

N. Fund Balance Reserves

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

**Note 3 - Deposits and Investments**

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

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

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

**Taylor Memorial Public Library**  
**Summit County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2007 and 2006*

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

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

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

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

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

At year end 2007 and 2006, the Library had \$140 and \$140 in undeposited cash on hand respectively, which is included on the balance sheet of the Library as part of "Equity in Pooled Cash and Cash Equivalents."

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007, \$738,188 of the Library's bank balance of \$838,188 and at December 31, 2006, \$56,527 of the Library's bank balance of \$156,527 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

**Taylor Memorial Public Library**  
**Summit County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2007 and 2006*

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

As of December 31, 2007, the Library had \$2,246,278 invested in STAROhio and as of December 31, 2006, the Library had \$1,803,381 invested in STAROhio.

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

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

**Note 4 – Grants – In - Aid**

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

**Note 5 - Risk Management**

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

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

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



**Taylor Memorial Public Library**  
**Summit County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2007 and 2006*

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**Note 6 - Defined Benefit Pension Plan**

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

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

The members of all three plans were required to contribute 9.0 percent of their annual covered salaries in 2006 and 9.5 percent in 2007. The Library's contribution rate for pension benefits for 2007 was 13.85 percent and for 2006 was 13.70 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, 2007, 2006, and 2005 were \$137,089, \$117,332, and \$135,102 respectively; the full amount has been contributed for all three years.

**Note 7 - Postemployment Benefits**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll; 4.5 percent of covered payroll was the portion that was used to fund health care. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5 percent of covered payroll was the portion that was used to fund health care for the period of January 1, 2007 through June 30, 2007, 6 percent was used for the period of July 1, 2007 through December 6, 2007.

**Taylor Memorial Public Library**  
**Summit County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2007 and 2006*

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Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase .50 and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 374,979. Actual employer contributions for 2007 and 2006, which were used to fund postemployment benefits were \$54,438 and \$38,544, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

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

**Note 8 – Jointly Governed Organizations**

The Northeast Ohio Regional Library System (NEO-RLS) is an area service organization created and governed according to the provisions of Section 3375.90 of the Ohio Revised Code. NEO-RLS is comprised of public, academic, special and school libraries in twenty-three counties. The purpose of NEO-RLS is to provide an effective and efficient sharing of information, resources, and expertise. NEO-RLS's Board of Trustees consists of fifteen full members with voting privileges elected by, from, and among the Advisory Council. The Advisory Council is comprised of a representative from each member library system. The Executive Director serves as an ex-officio, non-voting member. The Taylor Memorial Public Library's control over budgeting and financing of NEO-RLS is limited to its voting authority and its representation on the Board of Trustees.

**Note 9 – Related Party Transactions**

The Library pays an annual fee to Northeast Ohio Regional Library System (NEO-RLS) a jointly governed organization of which the Library is a member. NEO-RLS provides information, resources and expertise to its members. The Library paid \$5,750 for annual dues in 2007.

**Taylor Memorial Public Library**

**Summit County, Ohio**

*Notes to the Basic Financial Statements*

*For the Years Ended December 31, 2007 and 2006*

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**Note 10 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and the Endowment Fund in 2007 is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end December 31, 2007 (budgetary basis) amounted to \$336,738 for the General Fund and \$0 for the Endowment Fund. Encumbrances outstanding at year end December 31, 2006 (budgetary basis) amounted to \$170,346 for the General Fund.

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

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

Taylor Memorial Public Library  
Summit County  
2015 Third Street  
Cuyahoga Falls, OH 44221

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Taylor Memorial Public Library, Summit County, Ohio (the Library) as of and for the years ended December 31, 2006 and December 31, 2007 which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 17, 2008, wherein we noted that the Library followed the cash basis of accounting rather 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Controls Over Financial Reporting**

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

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

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the Library in a separate letter dated June 17, 2008.

This report is intended for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

*Charles E. Harris & Associates, Inc.*  
June 17, 2008

**STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS**

The prior audit report, as of December 31, 2005 and 2004, reported no material citations or recommendations.



**Mary Taylor, CPA**  
Auditor of State

**TAYLOR MEMORIAL PUBLIC LIBRARY  
(DBA CUYAHOGA FALLS LIBRARY)**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 16, 2008**