

**GERMANTOWN PUBLIC LIBRARY
MONTGOMERY COUNTY, OHIO**

AUDITED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2008**



Mary Taylor, CPA
Auditor of State

Board of Trustees
Germantown Public Library
51 North Plum Street
Germantown, Ohio 45427

We have reviewed the *Independent Auditors' Report* of the Germantown Public Library, Montgomery County, prepared by Bastin & Company, LLC, for the audit period January 1, 2008 through December 31, 2008. 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 Germantown Public Library is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 24, 2009

This Page is Intentionally Left Blank.

**GERMANTOWN PUBLIC LIBRARY
MONTGOMERY COUNTY, OHIO**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets - Cash Basis.....	10
Statement of Activities - Cash Basis	11
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balance - Governmental Funds	12
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	13
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	15
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual - Budget Basis - General Fund	16
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual - Budget Basis - Debt Service Fund	17
Notes to the Financial Statements.....	18
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	29

This Page is Intentionally Left Blank.

Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Germantown Public Library

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Germantown Public Library (the Library), Montgomery County, Ohio as of and for the year ended December 31, 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 *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 opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Germantown Public Library, Montgomery County, Ohio as of December 31, 2008, and the respective changes in cash financial position, thereof and the respective budgetary comparisons for the General Fund and the Debt Service Fund for the year 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 June 30, 2009, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Bastin & Company, LLC". The signature is written in a cursive style and is centered within a light gray rectangular background.

Cincinnati, Ohio
June 30, 2009

Germantown Public Library
Montgomery County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

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

Highlights

Key highlights for 2008 are as follows:

- Net assets of governmental activities decreased \$1,301,628 or 71.8 percent, a significant change from the prior year as a result of expenditures of \$1,373,714 for a large capital project.
- During 2007, the Library began a large capital project. This project involves an addition of approximately 2000 square feet and a renovation of the entire facility. This project is being financed from the sale of an anticipation note and other available Library reserves. The project continued throughout 2008, with an expected completion during the first quarter of 2009.
- The Library's general receipts are primarily from the Public Library Fund (PLF), a portion of state tax revenue. These receipts represent 92.5 percent of the total cash received for governmental activities during the year. PLF receipts for 2008 were 1.6 percent lower than in 2007 as state government tax receipts have dropped.
- Disbursements, not including capital projects, were \$56,316, or 7.2 percent, higher than in 2007. Total disbursements for capital projects during the year were \$1,373,714.

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.

Report Components

The Statement of Net Assets and the Statement of Activities provide information about the cash activities of the Germantown Public 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.

Germantown Public Library
Montgomery County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Germantown Public 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 Germantown Public Library as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the Germantown Public Library did financially during 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 activity. 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 Germantown Public 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 Germantown Public Library's financial condition, you should also consider other non-financial factors as well, such as the Library's property tax base, the condition of the Library's capital assets 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 revenue source, state income tax.

In the Statement of Net Assets and the Statement of Activities, the Library presents its activities as governmental activities:

Governmental activities: All of the Library's basic services are reported here. State income tax receipts finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Germantown 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 how money that is restricted is being spent for the intended purpose.

Germantown Public Library
 Montgomery County, Ohio
 Management's Discussion and Analysis
 For the Year Ended December 31, 2008
 Unaudited

Governmental Funds – All of the Germantown Public Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library has two funds that meet reporting requirements as major funds – the General Fund and the Capital Projects Fund. The District has also elected to present its Debt Service Fund as though it was a major fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Germantown Public Library as a Whole

Table 1 provides a summary of the Library's Net Assets for 2008 on a cash basis compared to 2007.

(Table 1)
Net Assets

	Governmental Activities	
	2008	2007
Assets		
Cash and Cash Equivalents	\$ 510,594	\$ 1,812,222
Total Assets	\$ 510,594	\$ 1,812,222
Net Assets		
Restricted for:		
Capital Projects	\$ 56,081	\$ 1,370,204
Debt Service	30,277	30,035
Other Purposes	15,302	15,062
Unrestricted	408,934	396,921
Total Net Assets	\$ 510,594	\$ 1,812,222

As mentioned previously, net assets of governmental activities decreased \$1,301,628 or 71.8 percent during 2008 due to payments to vendors for the capital project.

Germantown Public Library
Montgomery County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Table 2 reflects the Changes in Net Assets in 2008 in comparison with 2007.

(Table 2)
Changes In Net Assets

	Governmental Activities	
	2008	2007
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$14,086	\$18,565
Operating Grants and Contributions	9,826	-
Total Program Receipts	<u>\$23,912</u>	<u>\$18,565</u>
General Receipts:		
Unrestricted Gifts and Contributions	2,200	70
Grants and Entitlements Not Restricted to Specific Programs	843,995	854,280
Sale of Notes	-	725,000
Interest	34,998	64,807
Miscellaneous	2,893	3,310
Total General Receipts	<u>884,086</u>	<u>1,647,467</u>
 Total Receipts	 <u>907,998</u>	 <u>1,666,032</u>
Disbursements:		
Library Services	745,443	779,596
Capital Outlay	1,373,714	274,024
Debt Service	90,469	-
Total Disbursements	<u>2,209,626</u>	<u>1,053,620</u>
 Increase (Decrease) in Net Assets	 (1,301,628)	 612,412
 Net Assets, January 1	 <u>1,812,222</u>	 <u>1,199,810</u>
Net Assets, December 31	<u>\$ 510,594</u>	<u>\$1,812,222</u>

Program receipts represent only 2.6 percent of total receipts and are primarily comprised of patron fines and fees and charges for copies and printed material. Also included is a grant from a local civic organization for furniture and fixtures for the newly renovated Young Adult area. General receipts represent 97.4 percent of the Library's total receipts.

Disbursements for Library Services represent the overhead costs of running the Library and the support services provided for the other library activities. These include the salaries, library materials and supplies, contracted services and maintenance expenses. Capital Outlay represents the portion of the capital project that has been paid for during calendar year 2008. Debt service represents principal and interest payments on the anticipation note.

Germantown Public Library
 Montgomery County, Ohio
 Management's Discussion and Analysis
 For the Year Ended December 31, 2008
 Unaudited

Governmental Activities

If you look at the Statement of Activities for 2008 you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for library services. The next two columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The net (Disbursement) Receipt 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 for 2008.

(Table 3)

Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
Library Services	\$ 745,443	\$ 779,596	\$ 731,357	\$ 761,031
Capital Outlay	1,373,714	274,024	1,363,888	274,024
Debt Service	90,469	-	90,469	-
Total Governmental Activities	\$ 2,209,626	\$ 1,053,620	\$ 2,185,714	\$ 1,035,055

As evident by the net cost of services, the Library relies heavily upon general receipts, primarily PLF receipts, to support its governmental activities.

The Germantown Public Library's Funds

Total governmental funds had receipts of \$932,998 and disbursements of \$2,234,626. The General Fund balance increased by \$12,014 due to cost saving measures, particularly in the area of personnel. The greatest change within governmental funds occurred within the Capital Projects Fund. The Capital Projects Fund balance decreased \$1,314,123, due to payments to vendors for the ongoing capital project.

The following table summarizes fund balance changes over the year:

	Fund Balance <u>12/31/07</u>	Fund Balance <u>12/31/08</u>	Increase (Decrease)
General Fund	\$ 396,921	\$408,935	\$ 12,014
Debt Services	30,035	30,277	242
Capital Project Fund	1,370,204	56,081	(1,314,123)
Other Governmental Funds	<u>15,062</u>	<u>15,301</u>	<u>239</u>
Total	<u>\$1,812,222</u>	<u>\$510,594</u>	<u>(\$1,301,628)</u>

Germantown Public Library
Montgomery County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

General Fund Budgeting Highlights

The Germantown Public 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.

Final actual receipts of the General Fund were \$1,093 or 0.1 percent lower than budgeted receipts, due to less than anticipated state tax support and lower than anticipated earnings on investments.

Final disbursements before transfers for the General Fund were budgeted at \$803,965 while actual disbursements before transfers were \$745,211. Cost control measures were undertaken, particularly in the area of personnel and materials acquisitions, given the scope of the capital project and the uncertainty of state funding in the current economic situation.

Capital Assets and Debt Administration

Capital Assets

The Germantown Public Library does not report capital assets using the cash basis of accounting.

Debt

In September, 2007, the Library issued a Library Fund Facilities Note in the amount of \$725,000 to fund capital related costs. This note has a 10 year maturity, an interest rate of 4.5 percent per annum, and requires semi-annual repayment of principal and interest. During 2008 the Library made principal and interest payments totaling \$90,469, reducing the principal balance to \$661,139.

Additional information on the Library's debt can be found in Note 9.

Current Issues

The challenge for the Germantown Public Library is to provide quality services to the public while staying within the restrictions imposed by limited funding. We rely almost exclusively on state funding. Ohio law was changed to redefine library funding effective January 1, 2008. Funding for libraries is set at 2.22 percent of total state tax receipts. The lack of experience with the variability of state tax receipts makes the future funding uncertain.

This uncertainty is compounded by the current economic condition. State officials are predicting a severe drop in total tax receipts in 2009, and the length of the recession is predicted to be longer than normal. In light of this uncertainty of future funding, 2009 budgets and appropriations have been prepared assuming a 6 percent decrease in state funding.

The Germantown Public Library began a major renovation project in September, 2007. This project was scheduled for completion by June, 2008. As of December 31, 2008, the project is still incomplete. The general contractor is working on a final punch list, and all work should be completed in the first quarter of 2009.

Germantown Public Library
Montgomery County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Contacting the Germantown Public Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Germantown Public 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 Patricia L. Schaeff, Clerk-Treasurer, Germantown Public Library, 51 North Plum Street, Germantown, Ohio 45427.

Germantown Public Library
Montgomery County, Ohio
Statement of Net Assets - Cash Basis
December 31, 2008

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 510,594
<i>Total Assets</i>	<i>\$ 510,594</i>
 Net Assets	
Restricted for:	
Capital Projects	\$ 56,081
Debt Service	30,277
Permanent Fund Purpose:	
Expendable	302
Nonexpendable	15,000
Unrestricted	408,934
<i>Total Net Assets</i>	<i>\$ 510,594</i>

See accompanying notes to the basic financial statements

Germantown Public Library
Montgomery County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2008

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Library Services	\$ 745,443	\$ 14,086	\$ -	\$ (731,357)
Capital Outlay	1,373,714	-	9,826	(1,363,888)
Debt Service:				
Principal	58,861	-	-	(58,861)
Interest	31,608	-	-	(31,608)
<i>Total Governmental Activities</i>	<u>\$ 2,209,626</u>	<u>\$ 14,086</u>	<u>\$ 9,826</u>	<u>\$ (2,185,714)</u>
		General Receipts		
		Unrestricted Gifts and Contributions		2,200
		Grants and Entitlements Not Restricted to Specific Programs		843,995
		Earnings on Investments		34,998
		Miscellaneous		2,893
		<i>Total General Receipts</i>		884,086
		Change in Net Assets		(1,301,628)
		<i>Net Assets Beginning of Year</i>		1,812,222
		<i>Net Assets End of Year</i>		<u>\$ 510,594</u>

See accompanying notes to the basic financial statements

Germantown Public Library
Montgomery County, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

	General	Debt Service	Capital Project	Other Governmental	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 408,935	\$ 30,277	\$ 56,081	\$ 15,301	\$ 510,594
<i>Total Assets</i>	<u>\$ 408,935</u>	<u>\$ 30,277</u>	<u>\$ 56,081</u>	<u>\$ 15,301</u>	<u>\$ 510,594</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$ 208	\$ -	\$ 38,407	\$ -	\$ 38,615
Unreserved:					
Undesignated, Reported in:					
General Fund	408,727	-	-	-	408,727
Debt Service Fund	-	30,277	-	-	30,277
Capital Project Fund	-	-	17,674	-	17,674
Permanent Funds	-	-	-	15,301	15,301
<i>Total Fund Balances</i>	<u>\$ 408,935</u>	<u>\$ 30,277</u>	<u>\$ 56,081</u>	<u>\$ 15,301</u>	<u>\$ 510,594</u>

See accompanying notes to the basic financial statements

Germantown Public Library
Montgomery County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2008

Total Governmental Fund Balances	<u>\$ 510,594</u>
----------------------------------	-------------------

Net Assets of Governmental Activities	<u><u>\$ 510,594</u></u>
---------------------------------------	--------------------------

See accompanying notes to the basic financial statements

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

	General	Debt Service	Capital Project	Other Governmental	Total Governmental Funds
Receipts					
Library and Local Government Support	\$ 749,784	\$ 90,711	\$ -	\$ -	\$ 840,495
Patron, Fines and Fees	14,086	-	-	-	14,086
Contributions, Gifts and Donations	5,700	-	9,826	-	15,526
Earnings on Investments	9,554	-	24,765	679	34,998
Miscellaneous	2,893	-	-	-	2,893
<i>Total Receipts</i>	<u>782,017</u>	<u>90,711</u>	<u>34,591</u>	<u>679</u>	<u>907,998</u>
Disbursements					
Current:					
Library Services	745,003	-	-	440	745,443
Capital Outlay	-	-	1,373,714	-	1,373,714
Debt Service:					
Redemption of Principal	-	58,861	-	-	58,861
Interest and Fiscal Charges	-	31,608	-	-	31,608
<i>Total Disbursements</i>	<u>745,003</u>	<u>90,469</u>	<u>1,373,714</u>	<u>440</u>	<u>2,209,626</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>37,014</u>	<u>242</u>	<u>(1,339,123)</u>	<u>239</u>	<u>(1,301,628)</u>
Other Financing Sources (Uses)					
Transfers In	-	-	25,000	-	25,000
Transfers Out	(25,000)	-	-	-	(25,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(25,000)</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	<u>12,014</u>	<u>242</u>	<u>(1,314,123)</u>	<u>239</u>	<u>(1,301,628)</u>
<i>Fund Balances Beginning of Year</i>	<u>396,921</u>	<u>30,035</u>	<u>1,370,204</u>	<u>15,062</u>	<u>1,812,222</u>
<i>Fund Balances End of Year</i>	<u>\$ 408,935</u>	<u>\$ 30,277</u>	<u>\$ 56,081</u>	<u>\$ 15,301</u>	<u>\$ 510,594</u>

See accompanying notes to the basic financial statements

Germantown Public Library
Montgomery County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2008*

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (1,301,628)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (1,301,628)</u></u>

See accompanying notes to the basic financial statements

Germantown Public Library
Montgomery County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Library and Local Government Support	\$ 770,934	\$ 752,610	\$ 749,784	\$ (2,826)
Patron, Fines and Fees	17,500	17,500	14,086	(3,414)
Contributions, Gifts and Donations	-	-	5,700	5,700
Earnings on Investments	4,500	12,000	9,554	(2,446)
Miscellaneous	-	1,000	2,893	1,893
<i>Total Receipts</i>	792,934	783,110	782,017	(1,093)
Disbursements				
Current:				
Library Services	801,615	803,965	745,211	58,754
<i>Total Disbursements</i>	801,615	803,965	745,211	58,754
<i>Excess of Receipts Over (Under) Disbursements</i>	(8,681)	(20,855)	36,806	57,661
Other Financing Sources (Uses)				
Transfers Out	-	(25,000)	(25,000)	-
<i>Total Other Financing Sources (Uses)</i>	-	(25,000)	(25,000)	-
<i>Net Change in Fund Balance</i>	(8,681)	(45,855)	11,806	57,661
<i>Fund Balance Beginning of Year</i>	389,296	389,296	389,296	-
Prior Year Encumbrances Appropriated	7,625	7,625	7,625	-
<i>Fund Balance End of Year</i>	\$ 388,240	\$ 351,066	\$ 408,727	\$ 57,661

See accompanying notes to the basic financial statements

Germantown Public Library
Montgomery County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Debt Service Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Library and Local Government Support	\$ 90,000	\$ 90,711	\$ 90,711	\$ -
<i>Total Receipts</i>	<u>90,000</u>	<u>90,711</u>	<u>90,711</u>	<u>-</u>
Disbursements				
Debt Service:				
Redemption of Principal	60,000	58,861	58,861	-
Interest and Fiscal Charges	30,000	31,608	31,608	-
<i>Total Disbursements</i>	<u>90,000</u>	<u>90,469</u>	<u>90,469</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	-	242	242	-
<i>Fund Balance Beginning of Year</i>	<u>30,035</u>	<u>30,035</u>	<u>30,035</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 30,035</u></u>	<u><u>\$ 30,277</u></u>	<u><u>\$ 30,277</u></u>	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements

Germantown Public Library
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 1 - Description of the Library and Reporting Entity

The Germantown Public Library was organized as a school district public library under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Valley View Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Clerk-Treasurer.

The Library is fiscally independent of the Valley View 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 Valley View 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 Valley View Board of Education.

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

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

Note 2 - Summary of Significant Accounting Policies

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

Germantown Public Library
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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. Governmental activities generally are financed through taxes, intergovernmental receipts and other non-exchange transactions.

The statement of net assets presents the cash balance of the governmental activity 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. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

The Library uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The Library's funds are classified as governmental.

Governmental Funds

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

Germantown Public Library
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Debt Service Fund - The Debt Service Fund accounts for the servicing of outstanding debt of the Library.

Capital Projects Fund - The Capital Projects Fund accounts for monies set aside by the Board of Library Trustees specifically for major capital and technology improvements.

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. 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 relative revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds of the Library are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Library may appropriate.

The appropriations ordinance is the Library's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Board of Trustees. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended 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 on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Library.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot 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 Library during the year.

Germantown Public Library
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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, respectively.

During 2008, the Library invested in 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, 2008.

Interest receipts are allocated to Library funds according to State statutes, grant requirements or debt related restrictions. Interest receipts credited to the General Fund during 2008 amounted to \$9,554. Interest receipts credited to the Capital Projects Fund during 2008 amounted to \$24,765.

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.

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. Inter-fund Transactions

The Library had the following Inter-fund Transfers in 2008:

<u>From Fund</u>	<u>To Fund</u>	<u>Amount</u>
General	Capital Projects	\$25,000

Germantown Public Library
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the 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 7 and 8, 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.

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.

The Library's policy is to first apply restricted resources when an obligation is incurred for purpose 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 and undesignated fund balances indicates that portion of the fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and permanent funds.

Germantown Public Library
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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 is presented for the General Fund and the Debt Service Fund and each 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 that outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$208 for the General Fund. There were no outstanding encumbrances at year end for the Debt Service 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 upon the Library. Active deposits must be maintained either as cash by the Library, 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 certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies that 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;

Germantown Public Library
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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.

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned. Protection of Library cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the Library places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105 percent of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year-end, the carrying amount of the Library's deposits was \$390,225 and the bank balance was \$396,383. Federal depository insurance covered \$227,462 of the bank balance.

B. Investments

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

	<u>Carrying Value</u>	<u>Maturity</u>
STAR Ohio	\$120,369	54.7 days

Credit Risk: 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.

Germantown Public Library
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Interest Rate Risk – State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and that an investment must be purchased with the expectation that it will be held until maturity. The Library has no investment policy beyond the requirements of the Ohio Revised Code relating to interest rate risk.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library has no investment policy dealing with the investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Library or qualified trustee.

Note 5 - Library and Local Government Support

The primary source of revenue for Ohio public libraries is the State Library and Public Library Fund (PLF). The state allocates PLF to each county based on the county’s prior intangibles 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 and 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 2008, the Library contracted with several companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>
Ohio Casualty Group	Commercial Property	\$1,678,311
	General Liability	2,000,000
	Inventory/Collection	1,500,000
	Computer Equipment	50,000
Utica National Insurance Group Auto-Owners Insurance Co.	Errors and Omissions	1,000,000
	Fidelity and Deposit	100,000

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

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

Note 7 - Defined Benefit Pension Plan

The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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

Germantown Public Library
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions.

For 2008, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. The 2008 member contribution rates were 10.0 percent for members in state and local classifications. The 2008 employer contribution rate for state and local employers was 14.00 percent of covered payroll.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$68,266, \$61,790, and \$40,329, respectively; the full amount has been contributed for 2008, 2007, and 2006.

Note 8 – Post-Employment Benefits

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan, and the Combined Plan – a cost sharing, multiple-employer benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, and survivor benefits as well as post-employment health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement 12.

A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2008,

Germantown Public Library
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

state and local employers contributed at a rate of 14.00 percent of covered payroll. The portion of employer contributions allocated to health care was 7.00 percent in 2008 for all employers.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS.

Summary of Assumptions:

Actuarial Review – The assumptions and calculations below were based on OPERS’ latest actuarial review performed as of December 31, 2007.

Funding Method – The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method –All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

Investment Return – The investment assumption rate for 2007 was 6.50 percent.

Active Employee Total Payroll – An annual increase of 4.00 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. In addition annual pay increases over and above the 4.00 percent base increase were assumed to range from 0.50 percent to 6.30 percent.

Health Care – Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50 percent to 4.00 percent for the next 7 years. In subsequent years, (8 and beyond) health care costs were assumed to increase at 4.00 percent (the projected wage inflation rate).

OPEB is advance- funded on an actuarially determined basis. The following disclosures are required:

The Traditional Pension and Combined Plans had 363,503 active contributing participants as of December 31, 2008. The number of active contributing participants for both plans used in the December 31, 2007 actuarial valuation was 364,076.

The rates stated above are the contractually required contribution rates of OPERS.

Actual employer contributions for 2008, 2007, and 2006 which were used to fund post-employment benefits were \$34,133, \$24,537, and \$19,725 respectively. The actual contributions and the actuarially required contributions amounts are the same.

The amount of \$12.8 billion represents the actuarial value of OPERS’ net assets available for OPEB at December 31, 2007.

Germantown Public Library
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2007 reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB at \$29.8 billion and \$17.0 billion respectively.

OPERS Board of Trustees implements its Health Care Preservation Plan. The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004 was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008 which allowed additional funds to be allocated to the health care plan.

Note 9 - Debt

The Library's long-term debt activity for the year ended December 31, 2008, was as follows:

<u>Governmental Activities</u>	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008	Due Within One Year
Library Fund Facilities Note (\$725,000 at 4.5 percent)	\$725,000	\$ -	\$58,861	\$666,139	\$61,539

In September, 2007, the Library issued a Library Fund Facilities Note in the amount of \$725,000 to fund capital related costs. This note has a 10 year maturity, an interest rate of 4.5 percent per annum, and requires semi-annual repayment of principal and interest.

Amortization of the debt is scheduled as follows:

<u>Year</u>	<u>Library Fund Facilities Note</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$61,539	\$29,292
2010	64,340	26,491
2011	67,268	23,563
2012	70,329	20,502
2013	73,529	17,302
2014 - 2017	329,134	34,190
Totals	<u>\$666,139</u>	<u>\$151,340</u>

Note 9 - Leases

The Library leases equipment and computer server services under non-cancelable leases. The Library disbursed \$23,082 in 2008 towards these leased items. The following schedule represents lease commitments:

<u>Year</u>	<u>Amount</u>
2009	\$ 23,082
2010	24,926
2011	24,926
2012	24,926
2013	24,926
Total	<u>\$122,786</u>

Bastin & Company, LLC
Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees
Germantown Public Library

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Germantown Public Library, (the Library), Montgomery County, Ohio as of and for the year ended December 31, 2008, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated June 30, 2009. For the year ended December 31, 2008, the Library prepared its financial statements on the cash accounting basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 its applicable accounting basis, 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 and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
June 30, 2009



Mary Taylor, CPA
Auditor of State

GERMANTOWN PUBLIC LIBRARY

MONTGOMERY 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 3, 2009**