

***MEDINA COUNTY DISTRICT LIBRARY***

***MEDINA COUNTY***

**AUDIT REPORT**

**For the Years Ended December 31, 2009 and 2008**

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





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Medina County District Library  
210 S. Broadway Street  
Medina, Ohio 44256

We have reviewed the *Report of Independent Accountants* of Medina County District Library, Medina County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 through December 31, 2009. 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. Medina County District Library is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 19, 2010

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Medina County District Library  
Medina County  
210 S Broadway St.  
Medina, Ohio 44256

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 Medina County District Library (Library) as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express 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, 2009 and 2008, and the respective changes in cash basis financial position and the budgetary comparison for the General Fund and Endowment Fund for the years 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 May 5, 2010 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.***

May 5, 2010



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

**Highlights**

Key highlights for 2009 and 2008 are as follows:

In 2009, net assets of governmental activities increased \$596,312 or 6 percent. In 2008 net assets decreased \$3 million or 24 percent, a significant change from the prior year. The fund most affected by the decrease was the Construction Renovation Fund, which realized a decrease of \$4 million.

The Library's general receipts are primarily Library and Local Government Support Fund (LLGSF) receipts and Property Taxes. These receipts represent respectively 98 and 96 percent of the total cash received for governmental activities for 2009 and 2008. LLGSF receipts have been frozen and these receipts for 2009 changed very little compared to 2008 or 2007 while property tax revenues increased slightly for 2007.

A significant decrease of \$2.8 million in expenses occurred for capital outlay in 2009 primarily due to major renovation projects of the Library being completed.

**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 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.

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**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Library as a Whole**

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

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

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Governmental Funds - All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The Library has four major governmental funds – the General Fund, the Debt Service Fund, the Construction/Renovation Fund, and 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.

**The Library as a Whole**

Table 1 provides a summary of the Library's net assets for 2009 compared to 2008 and 2008 compared to 2007 on a cash basis:

(Table 1)  
**Net Assets**

	<u>Governmental Activities</u>		<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>	<u>2008</u>	<u>2007</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 10,719,569	\$ 10,123,257	\$ 10,123,257	\$ 12,007,064
Investments	-	-	-	1,378,797
Total Assets	<u>10,719,569</u>	<u>10,123,257</u>	<u>10,123,257</u>	<u>13,385,861</u>
<b>Net Assets</b>				
Restricted for:				
Capital Projects	2,952,050	3,902,849	3,902,849	8,282,434
Debt Service	2,023,731	1,212,003	1,212,003	525,022
Permanent Fund - Endowment				
Expendable	29,214	29,214	29,214	29,214
Nonexpendable	12,273	12,273	12,273	12,273
Other Purposes	1,210,716	1,217,530	1,217,530	1,182,274
Unrestricted	4,491,585	3,749,388	3,749,388	3,354,644
Total Net Assets	<u>\$10,719,569</u>	<u>\$10,123,257</u>	<u>\$10,123,257</u>	<u>\$13,385,861</u>

As mentioned previously, net assets of governmental activities increased \$596,312 or 6 percent during 2009 and decreased \$3 million or 24 percent in 2008. The primary reasons contributing to the decrease in cash and investment balances in 2008 and 2009 is due to the use of funds for major renovation projects of the Library.

Table 2 reflects the changes in net assets in 2009 compared to 2008, and 2008 compared to 2007.

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

	Governmental Activities 2009	Governmental Activities 2008	Governmental Activities 2008	Governmental Activities 2007
Receipts:				
Program Receipts:				
Charges for Services and Sales	\$188,654	\$149,009	\$149,009	\$130,263
Total Program Receipts	<u>188,654</u>	<u>149,009</u>	<u>149,009</u>	<u>130,263</u>
General Receipts:				
Library and Local Government	3,151,354	3,833,850	3,833,850	3,879,829
Property Taxes Levied for General Purposes	5,008,137	4,833,935	4,833,935	2,688,361
Property Taxes Levied for Debt Service	4,120,757	4,013,780	4,013,780	3,726,276
Unrestricted Gifts and Contributions	23,755	50,634	50,634	65,030
Interest	45,582	348,490	348,490	1,215,321
Miscellaneous	37,950	39,512	39,512	28,405
Total General Receipts	<u>12,387,535</u>	<u>13,120,201</u>	<u>13,120,201</u>	<u>11,603,222</u>
Total Receipts	<u>12,576,189</u>	<u>13,269,210</u>	<u>13,269,210</u>	<u>11,733,485</u>
Disbursements:				
Salaries and Benefits	5,195,151	5,251,466	5,251,466	4,910,491
Purchased and Contract Services	1,666,106	2,589,838	2,589,838	3,256,707
Library Materials and Information	931,092	1,617,178	1,617,178	1,547,774
Supplies	136,392	182,806	182,806	225,147
Other	26,344	22,568	22,568	26,214
Capital Outlay	765,979	3,605,695	3,605,695	14,692,415
Debt Service:				
Principal Retirement	1,660,000	1,615,000	1,615,000	1,825,000
Interest and Fiscal Charges	1,598,813	1,647,263	1,647,263	1,692,888
Total Disbursements	<u>11,979,877</u>	<u>16,531,814</u>	<u>16,531,814</u>	<u>28,176,636</u>
Increase (Decrease) in Net Assets	596,312	(3,262,604)	(3,262,604)	(16,443,151)
Net Assets, January 1	10,123,257	13,385,861	13,385,861	29,829,012
Net Assets, December 31	<u>\$10,719,569</u>	<u>\$10,123,257</u>	<u>\$10,123,257</u>	<u>\$13,385,861</u>

Program receipts represent only 2 percent in 2009 and 1 percent in 2008 of total receipts and are primarily composed of fees associated with Library Services and overdue book fines.

LLGSF and property tax receipts, respectively, represent 25 and 73 percent in 2009, and 29 and 67 percent in 2008 of total receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

Overall disbursements for the Library decreased \$4.6 million or 28 percent from 2008 and \$11.6 million or 41 percent from 2007, which is primarily due to the completion of the Library's renovation project.

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**Governmental Activities**

If you look at the Statement of Activities on page 11 and 16, 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. In 2009, the major program disbursements for governmental activities are for Salaries and Benefits and Purchased and Contract Services, which account for 43 and 14 percent of all governmental disbursements, respectively. In 2008, the major program disbursements for governmental activities are for Salaries and Benefits and Capital Outlay, which account for 32 and 16 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)

	Total Cost Of Services 2009	Net Cost of Services 2009
Salaries and Benefits	\$ 5,195,151	\$ (5,195,151)
Purchased and Contract Services	1,666,106	(1,666,106)
Library Materials and Information	931,092	(742,438)
Supplies	136,392	(136,392)
Other	26,344	(26,344)
Capital Outlay	765,979	(765,979)
Debt Service:		
Principal Retirement	1,660,000	(1,660,000)
Interest and Fiscal Charges	1,598,813	(1,598,813)
Total Expenses	<u>\$ 11,979,877</u>	<u>\$ (11,791,223)</u>

	Total Cost Of Services 2008	Net Cost of Services 2008
Salaries and Benefits	\$ 5,251,466	\$ (5,251,466)
Purchased and Contract Services	2,589,838	(2,589,838)
Library Materials and Information	1,617,178	(1,468,169)
Supplies	182,806	(182,806)
Other	22,568	(22,568)
Capital Outlay	3,605,695	(3,605,695)
Debt Service:		
Principal Retirement	1,615,000	(1,615,000)
Interest and Fiscal Charges	1,647,263	(1,647,263)
Total Expenses	<u>\$ 16,531,814</u>	<u>\$ (16,382,805)</u>

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The dependence upon tax receipts and LLGSF and other general revenues for governmental activities is demonstrated in the above tables. Over 99 percent of disbursements are supported through LLGSF, tax receipts and other general revenues in 2009 and 2008.

In 2009, the Library's funds had receipts of \$12.6 million and disbursements of \$12 million. The greatest change within governmental funds occurred within the Construction/Renovation Fund. The fund balance of the Construction/Renovation Fund decreased \$930,263 as a result of the Library renovation and the stagnancy of receipts from the Library and Local Government Support Fund. In 2008, total governmental funds had receipts of \$13.3 million and disbursements of \$16.5 million. The fund balance of all funds decreased \$3.3 million.

### **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 funds are the General Fund, Debt Service Fund and Construction/Renovation Fund. Under GASB 34 presentation requirements, the Library is not required to present budgetary statements for Debt Service and Capital Project funds.

During 2009, the Library amended its General Fund budget several times to reflect changing circumstances in the Library and Local Government Support Fund (LLGSF). Final budgeted receipts were the same as original budgeted receipts. The difference between final budgeted receipts and actual receipts was nearly \$600,000.

In 2009, final disbursements were budgeted at \$8 million while actual disbursements were \$7.8 million.

In 2008, final disbursements were budgeted at \$8.5 million while actual disbursements were \$8.8 million. Appropriations were \$8 million in 2009. In 2008, appropriations were increased slightly mainly due to an increase in appropriations that were for improvements made to the Library. The Library kept spending well within total budgeted amounts and had budgetary fund balance of \$608,703 for 2009 and \$161,119 for 2008.

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

#### Capital Assets

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

#### Debt

As of December 31, 2009, the Library's outstanding debt included \$32,265,000 in general obligation bonds for renovations to three buildings and construction of three new buildings. For further information regarding the Library's debt, refer to Note 6 to the basic financial statements.

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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 being frozen at the 2008 level for 2009 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 Library's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jack Masterson, Business Manager – Fiscal Officer, Medina County District Library, 210 South Broadway Street, Medina, Ohio 44256.

**Medina County District Library, Medina County**

*Statement of Net Assets - Cash Basis*

*December 31, 2009*

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 10,719,569</u>
<i>Total Assets</i>	<u><u>\$ 10,719,569</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$ 2,952,050
Debt Service	2,023,731
Permanent Fund - Endowment	
Expendable	29,214
Nonexpendable	12,273
Other Purposes	1,210,716
Unrestricted	<u>4,491,585</u>
<i>Total Net Assets</i>	<u><u>\$ 10,719,569</u></u>

See accompanying notes to the basic financial statements



**Medina County District Library, Medina County**

*Statement of Activities - Cash Basis*

*For the Year Ended December 31, 2009*

	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	\$ 5,195,151	-	\$ (5,195,151)
Purchased and Contract Services	1,666,106	-	(1,666,106)
Library Materials and Information	931,092	\$ 188,654	(742,438)
Supplies	136,392	-	(136,392)
Other	26,344	-	(26,344)
Capital Outlay	765,979	-	(765,979)
Debt Service:			
Principal Retirement	1,660,000	-	(1,660,000)
Interest and Fiscal Charges	1,598,813	-	(1,598,813)
<i>Total Governmental Activities</i>	<u>\$ 11,979,877</u>	<u>\$ 188,654</u>	<u>\$ (11,791,223)</u>
<b>General Receipts</b>			
Library and Local Government Support Fund			3,151,354
Property Taxes Levied for General Purposes			5,008,137
Property Taxes Levied for Debt Service			4,120,757
Unrestricted Gifts and Contributions			23,755
Interest			45,582
Miscellaneous			37,950
<i>Total General Receipts</i>			<u>12,387,535</u>
Change in Net Assets			596,312
<i>Net Assets Beginning of Year</i>			<u>10,123,257</u>
<i>Net Assets End of Year</i>			<u>\$ 10,719,569</u>

See accompanying notes to the basic financial statements

**Medina County District Library, Medina County**

*Statement of Cash Basis Assets and Fund Balances*

*Governmental Funds*

*December 31, 2009*

	<u>General</u>	<u>Debt Service Fund</u>	<u>Construction Renovation 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	\$ 4,491,585	\$ 2,023,731	\$ 1,928,326	\$ 1,209,059	\$ 1,066,868	\$ 10,719,569
<i>Total Assets</i>	<u>\$ 4,491,585</u>	<u>\$ 2,023,731</u>	<u>\$ 1,928,326</u>	<u>\$ 1,209,059</u>	<u>\$ 1,066,868</u>	<u>\$ 10,719,569</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	\$ 133,494	-	\$ 10,007	-	-	\$ 143,501
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	4,358,091	-	-	-	-	4,358,091
Special Revenue Funds	-	-	-	\$ 1,209,059	\$ 1,657	1,210,716
Debt Service Fund	-	\$ 2,023,731	-	-	-	2,023,731
Capital Projects Funds	-	-	1,918,319	-	1,023,724	2,942,043
Permanent Funds	-	-	-	-	41,487	41,487
<i>Total Fund Balances</i>	<u>\$ 4,491,585</u>	<u>\$ 2,023,731</u>	<u>\$ 1,928,326</u>	<u>\$ 1,209,059</u>	<u>\$ 1,066,868</u>	<u>\$ 10,719,569</u>

See accompanying notes to the basic financial statements

**Medina County District Library, Medina County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2009*

	General	Debt Service Fund	Construction Renovation Fund	Endowment Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$ 5,008,137	\$ 4,120,757	-	-	-	\$ 9,128,894
Library and Local Government	3,151,354	-	-	-	-	3,151,354
Patron Fines and Fees	188,654	-	-	-	-	188,654
Contributions, Gifts and Donations	10,496	-	\$ 5,142	\$ 8,117	-	23,755
Earnings on Investments	14,469	-	25,903	2,320	\$ 2,890	45,582
Miscellaneous	29,987	-	-	7,963	-	37,950
<i>Total Receipts</i>	<u>8,403,097</u>	<u>4,120,757</u>	<u>31,045</u>	<u>18,400</u>	<u>2,890</u>	<u>12,576,189</u>
<b>Disbursements</b>						
Current:						
Salaries and Benefits	5,195,151	-	-	-	-	5,195,151
Purchased and Contract Services	1,382,228	50,216	218,750	14,912	-	1,666,106
Library Materials and Information	927,174	-	-	3,918	-	931,092
Supplies	130,003	-	-	6,389	-	136,392
Other	26,344	-	-	-	-	26,344
Capital Outlay	-	-	742,558	-	23,421	765,979
Debt Service:						
Principal Retirement	-	1,660,000	-	-	-	1,660,000
Interest and Fiscal Charges	-	1,598,813	-	-	-	1,598,813
<i>Total Disbursements</i>	<u>7,660,900</u>	<u>3,309,029</u>	<u>961,308</u>	<u>25,219</u>	<u>23,421</u>	<u>11,979,877</u>
<i>Net Change in Fund Balances</i>	742,197	811,728	(930,263)	(6,819)	(20,531)	596,312
<i>Fund Balances Beginning of Year</i>	<u>3,749,388</u>	<u>1,212,003</u>	<u>2,858,589</u>	<u>1,215,878</u>	<u>1,087,399</u>	<u>10,123,257</u>
<i>Fund Balances End of Year</i>	<u>\$ 4,491,585</u>	<u>\$ 2,023,731</u>	<u>\$ 1,928,326</u>	<u>\$ 1,209,059</u>	<u>\$ 1,066,868</u>	<u>\$ 10,719,569</u>

See accompanying notes to the basic financial statements

**Medina County District Library, Medina County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 4,736,723	\$ 4,736,723	\$ 5,008,137	\$ 271,414
Library and Local Government	3,949,307	3,949,307	3,151,354	(797,953)
Patron Fines and Fees	236,423	236,423	188,654	(47,769)
Contributions, Gifts and Donations	13,154	13,154	10,496	(2,658)
Earnings on Investments	18,133	18,133	14,469	(3,664)
Miscellaneous	37,580	37,580	29,987	(7,593)
<i>Total receipts</i>	<u>8,991,320</u>	<u>8,991,320</u>	<u>8,403,097</u>	<u>(588,223)</u>
<b>Disbursements</b>				
Current:				
Salaries and Benefits	5,674,520	5,131,184	5,250,983	(119,799)
Purchased and Contract Services	1,735,041	1,641,541	1,386,923	254,618
Library Materials and Information	1,068,068	1,036,068	1,000,141	35,927
Supplies	234,000	199,000	130,003	68,997
Other	30,600	28,100	26,344	1,756
<i>Total Disbursements</i>	<u>8,742,229</u>	<u>8,035,893</u>	<u>7,794,394</u>	<u>241,499</u>
<i>Net Change in Fund Balance</i>	249,091	955,427	608,703	(346,724)
<i>Fund Balance Beginning of Year</i>	3,515,763	3,515,763	3,515,763	-
Prior Year Encumbrances Appropriated	233,625	233,625	233,625	-
<i>Fund Balance End of Year</i>	<u>\$ 3,998,479</u>	<u>\$ 4,704,815</u>	<u>\$ 4,358,091</u>	<u>\$ (346,724)</u>

See accompanying notes to the basic financial statements

**Medina County District Library, Medina County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Endowment Fund*  
*For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Contributions, Gifts and Donations	\$ 12,068	\$ 12,068	\$ 8,117	\$ (3,951)
Earnings on Investments	31,119	31,119	2,320	(28,799)
Miscellaneous	6,813	6,813	7,963	1,150
<i>Total receipts</i>	<u>50,000</u>	<u>50,000</u>	<u>18,400</u>	<u>(31,600)</u>
<b>Disbursements</b>				
Current:				
Purchased and Contract Services	104,500	104,500	14,912	89,588
Library Materials and Information	5,000	5,000	3,918	1,082
Supplies	10,000	10,000	6,389	3,611
<i>Total Disbursements</i>	<u>119,500</u>	<u>119,500</u>	<u>25,219</u>	<u>94,281</u>
<i>Net Change in Fund Balance</i>	(69,500)	(69,500)	(6,819)	62,681
<i>Fund Balance Beginning of Year</i>	1,213,602	1,213,602	1,213,602	-
Prior Year Encumbrances Appropriated	<u>2,276</u>	<u>2,276</u>	<u>2,276</u>	-
<i>Fund Balance End of Year</i>	<u>\$ 1,146,378</u>	<u>\$ 1,146,378</u>	<u>\$ 1,209,059</u>	<u>\$ 62,681</u>

See accompanying notes to the basic financial statements

**Medina County District Library, Medina County**

*Statement of Net Assets - Cash Basis*

*December 31, 2008*

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 10,123,257</u>
<i>Total Assets</i>	<u><u>\$ 10,123,257</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$ 3,902,849
Debt Service	1,212,003
Permanent Fund - Endowment	
Expendable	29,214
Nonexpendable	12,273
Other Purposes	1,217,530
Unrestricted	<u>3,749,388</u>
<i>Total Net Assets</i>	<u><u>\$ 10,123,257</u></u>

See accompanying notes to the basic financial statements

**Medina County District Library, Medina County**

*Statement of Activities - Cash Basis*

*For the Year Ended December 31, 2008*

	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Governmental Activities
<b>Governmental Activities</b>			
Salaries and Benefits	\$ 5,251,466	-	\$ (5,251,466)
Purchased and Contract Services	2,589,838	-	(2,589,838)
Library Materials and Information	1,617,178	\$ 149,009	(1,468,169)
Supplies	182,806	-	(182,806)
Other	22,568	-	(22,568)
Capital Outlay	3,605,695	-	(3,605,695)
Debt Service:			
Principal Retirement	1,615,000	-	(1,615,000)
Interest and Fiscal Charges	1,647,263	-	(1,647,263)
<i>Total Governmental Activities</i>	<u>\$ 16,531,814</u>	<u>\$ 149,009</u>	<u>\$ (16,382,805)</u>
<b>General Receipts</b>			
Library and Local Government Support Fund			3,833,850
Property Taxes Levied for General Purposes			4,833,935
Property Taxes Levied for Debt Service			4,013,780
Unrestricted Gifts and Contributions			50,634
Interest			348,490
Miscellaneous			39,512
<i>Total General Receipts</i>			<u>13,120,201</u>
Change in Net Assets			(3,262,604)
<i>Net Assets Beginning of Year</i>			<u>13,385,861</u>
<i>Net Assets End of Year</i>			<u>\$ 10,123,257</u>

See accompanying notes to the basic financial statements

**Medina County District Library, Medina County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2008*

	General	Debt Service Fund	Building and Repair Fund	Construction Renovation Fund	Endowment Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 3,749,388	\$ 1,212,003	\$ 1,044,260	\$ 2,858,589	\$ 1,215,878	\$ 43,139	\$ 10,123,257
<i>Total Assets</i>	<u>\$ 3,749,388</u>	<u>\$ 1,212,003</u>	<u>\$ 1,044,260</u>	<u>\$ 2,858,589</u>	<u>\$ 1,215,878</u>	<u>\$ 43,139</u>	<u>\$ 10,123,257</u>
<b>Fund Balances</b>							
Reserved:							
Reserved for Encumbrances	\$ 233,625	-	\$ 39	\$ 184,772	\$ 2,276	-	\$ 420,712
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	3,515,763	-	-	-	-	-	3,515,763
Special Revenue Funds	-	-	-	-	1,213,602	\$ 1,652	1,215,254
Debt Service Fund	-	\$ 1,212,003	-	-	-	-	1,212,003
Capital Projects Funds	-	-	1,044,221	2,673,817	-	-	3,718,038
Permanent Funds	-	-	-	-	-	41,487	41,487
<i>Total Fund Balances</i>	<u>\$ 3,749,388</u>	<u>\$ 1,212,003</u>	<u>\$ 1,044,260</u>	<u>\$ 2,858,589</u>	<u>\$ 1,215,878</u>	<u>\$ 43,139</u>	<u>\$ 10,123,257</u>

See accompanying notes to the basic financial statements



**Medina County District Library, Medina County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
 Governmental Funds  
 For the Year Ended December 31, 2008

	General	Debt Service Fund	Building and Repair Fund	Construction Renovation Fund	Endowment Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$ 4,833,935	\$ 4,013,780	-	-	-	-	\$ 8,847,715
Library and Local Government	3,833,850	-	-	-	-	-	3,833,850
Patron Fines and Fees	149,009	-	-	-	-	-	149,009
Contributions, Gifts and Donations	8,820	-	-	\$ 27,109	\$ 14,705	-	50,634
Earnings on Investments	116,993	-	\$ 28,221	165,315	37,920	\$ 41	348,490
Miscellaneous	26,982	-	3,547	681	8,302	-	39,512
<i>Total Receipts</i>	<u>8,969,589</u>	<u>4,013,780</u>	<u>31,768</u>	<u>193,105</u>	<u>60,927</u>	<u>41</u>	<u>13,269,210</u>
<b>Disbursements</b>							
Current:							
Salaries and Benefits	5,251,466	-	-	-	-	-	5,251,466
Purchased and Contract Services	1,514,668	64,536	97	998,666	11,871	-	2,589,838
Library Materials and Information	1,613,275	-	-	-	3,903	-	1,617,178
Supplies	172,868	-	-	-	9,938	-	182,806
Other	22,568	-	-	-	-	-	22,568
Capital Outlay	-	-	47,386	3,558,309	-	-	3,605,695
Debt Service:							
Principal Retirement	-	1,615,000	-	-	-	-	1,615,000
Interest and Fiscal Charges	-	1,647,263	-	-	-	-	1,647,263
<i>Total Disbursements</i>	<u>8,574,845</u>	<u>3,326,799</u>	<u>47,483</u>	<u>4,556,975</u>	<u>25,712</u>	<u>-</u>	<u>16,531,814</u>
<i>Net Change in Fund Balances</i>	394,744	686,981	(15,715)	(4,363,870)	35,215	41	(3,262,604)
<i>Fund Balances Beginning of Year</i>	<u>3,354,644</u>	<u>525,022</u>	<u>1,059,975</u>	<u>7,222,459</u>	<u>1,180,663</u>	<u>43,098</u>	<u>13,385,861</u>
<i>Fund Balances End of Year</i>	<u>\$ 3,749,388</u>	<u>\$ 1,212,003</u>	<u>\$ 1,044,260</u>	<u>\$ 2,858,589</u>	<u>\$ 1,215,878</u>	<u>\$ 43,139</u>	<u>\$ 10,123,257</u>

See accompanying notes to the basic financial statements

**Medina County District Library, Medina County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 4,687,114	\$ 4,687,114	\$ 4,833,935	\$ 146,821
Library and Local Government	3,857,981	3,857,981	3,833,850	(24,131)
Patron Fines and Fees	149,947	149,947	149,009	(938)
Contributions, Gifts and Donations	8,876	8,876	8,820	(56)
Earnings on Investments	117,729	117,729	116,993	(736)
Miscellaneous	27,152	27,152	26,982	(170)
<i>Total receipts</i>	<u>8,848,799</u>	<u>8,848,799</u>	<u>8,969,589</u>	<u>120,790</u>
<b>Disbursements</b>				
Current:				
Salaries and Benefits	5,255,000	5,389,033	5,327,346	61,687
Purchased and Contract Services	1,544,800	1,655,867	1,543,450	112,417
Library Materials and Information	1,094,700	1,094,700	1,731,394	(636,694)
Supplies	317,000	317,000	183,712	133,288
Other	28,400	28,400	22,568	5,832
<i>Total Disbursements</i>	<u>8,239,900</u>	<u>8,485,000</u>	<u>8,808,470</u>	<u>(323,470)</u>
<i>Net Change in Fund Balance</i>	608,899	363,799	161,119	(202,680)
<i>Fund Balance Beginning of Year</i>	2,472,782	2,472,782	2,472,782	-
Prior Year Encumbrances Appropriated	<u>881,862</u>	<u>881,862</u>	<u>881,862</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 3,963,543</u>	<u>\$ 3,718,443</u>	<u>\$ 3,515,763</u>	<u>\$ (202,680)</u>

See accompanying notes to the basic financial statements

**Medina County District Library, Medina County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Endowment Fund*  
*For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Contributions, Gifts and Donations	\$ 16,170	\$ 16,170	\$ 14,705	\$ (1,465)
Earnings on Investments	41,700	41,700	37,920	(3,780)
Miscellaneous	9,130	9,130	8,302	(828)
<i>Total receipts</i>	<u>67,000</u>	<u>67,000</u>	<u>60,927</u>	<u>(6,073)</u>
<b>Disbursements</b>				
Current:				
Purchased and Contract Services	10,000	10,000	11,871	(1,871)
Library Materials and Information	8,000	8,000	3,903	4,097
Supplies	10,000	10,000	12,214	(2,214)
<i>Total Disbursements</i>	<u>28,000</u>	<u>28,000</u>	<u>27,988</u>	<u>12</u>
<i>Net Change in Fund Balance</i>	39,000	39,000	32,939	(6,061)
<i>Fund Balance Beginning of Year</i>	<u>1,180,663</u>	<u>1,180,663</u>	<u>1,180,663</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 1,219,663</u>	<u>\$ 1,219,663</u>	<u>\$ 1,213,602</u>	<u>\$ (6,061)</u>

See accompanying notes to the basic financial statements

**Medina County District Library**  
**Medina County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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

The constitution and laws of the State of Ohio establish the rights and privileges of the Medina County District Library, Medina County, Ohio, (the Library) as a body corporate and politic. Medina County District Library is a Library as defined by Section 3375.19 of the Ohio Revised Code.

A seven-member Board governs the Library, which provides the community with various educational and literacy resources. Of the seven Board members, three are appointed by the Judge of the Court of Common Pleas and four are appointed by the Board of the County Commissioners. All Board members are qualified electors of the Library District. Each trustee serves a term of seven years. The officers of the Board are the president, vice president and secretary, who are all elected and serve a term of one year.

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. 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 financial 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.

**Medina County District Library**  
**Medina County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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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.

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.

Debt Service Fund – This fund is used to account for receipts that are restricted for the payment of general obligation bonds.

Construction/Renovation Fund – This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects and equipment purchases.

**Medina County District Library**  
**Medina County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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Endowment Fund – This fund is used to account for donated receipts for Library materials and 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. 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 Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The appropriation 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 resolution 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.

**Medina County District Library**  
**Medina County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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

During 2009 and 2008, investments were limited to STAR Ohio, Money Markets, and Certificates of Deposits.

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, 2009 and 2008.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the General Fund during 2009 amounted to \$14,469 and during 2008 amounted to \$116,993.

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.

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

**Medina County District Library**  
**Medina County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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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. For more detail refer to Notes 6 and 7 of these financial statements.

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. In 2009, net assets were restricted for \$2,952,050 in the capital projects funds, \$2,023,731 in the debt service funds, \$12,273 in the permanent fund and \$1,210,716 for other purposes. In 2008, net assets were restricted for \$3,902,849 in the capital projects funds, \$1,212,003 in the debt service funds, \$12,273 in the permanent fund and \$1,217,530 for other purposes.

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.

**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.

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;



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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 2009 and 2008, the Library had \$1,089 and \$969 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, 2009, \$3,208,890 of the Library's bank balance of \$3,708,890, which includes \$1,800,000 of non-negotiable certificates of deposit and at December 31, 2008, \$3,149,460 of the Library's bank balance of \$3,649,460, which includes \$2,500,000 of non-negotiable certificates of deposit 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.

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.

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

Investment Type	Fair Value 12/31/09	Maturity(1)	Fair Value 12/31/08	Maturity(1)	Rating(2)
Money Market	\$ 1,700,000	Daily	\$ 1,000,000	Daily	Aaa
STAR OHIO (investment pool)	7,122,764	Daily	6,611,354	Daily	Aaa
Total Investments	<u>\$ 8,822,764</u>		<u>\$ 7,611,354</u>		

(1) Weighted Maturity - Days

(2) S&P

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.

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 money markets and Star Ohio are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Library's name. The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**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.

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district. Property owners assess tangible personal property tax. These owners must file a list of tangible property to the County by each April 30. Tangible property taxes are being phased out through 2009.

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The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

**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 maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 100% insured.

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years.

**Note 6 - Long – Term Liabilities**

The changes in the Library’s long-term obligations during 2009 and 2008 consist of the following:

	Principal Outstanding 1/1/2009	Additions	Reductions	Principal Outstanding 12/31/2009	Amounts Due In One Year
<b>Governmental Activities</b>					
2003 General Obligation Bonds	\$ 33,925,000	\$ -	\$ 1,660,000	\$ 32,265,000	\$ 1,710,000
	Principal Outstanding 1/1/2008	Additions	Reductions	Principal Outstanding 12/31/2008	Amounts Due In One Year
<b>Governmental Activities</b>					
2003 General Obligation Bonds	\$ 35,540,000	\$ -	\$ 1,615,000	\$ 33,925,000	\$ 1,660,000

In 2003, the Library issued \$42,300,000 in general obligation bonds, at rates from 2% - 5.25% and maturity dates from 2004 through 2023, for renovations to three buildings and construction of three new buildings. The voters approved a tax levy to pay off the bonds over 20 years.

Principal and interest requirements to retire long-term liabilities outstanding at December 31, 2009, are as follows:

Year Ending December 31,	General Obligation Bonds		Total
	Principal	Interest	
2010	\$ 1,710,000	\$ 1,549,013	\$ 3,259,013
2011	1,770,000	1,489,163	3,259,163
2012	1,840,000	1,418,363	3,258,363
2013	1,925,000	1,335,438	3,260,438
2014	2,000,000	1,258,438	3,258,438
2015-2019	11,505,000	4,797,855	16,302,855
2020-2023	11,515,000	1,528,965	13,043,965
Total	\$ 32,265,000	\$ 13,377,235	\$ 45,642,235

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**Medina County, Ohio**  
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Bonds will be paid from the Debt Service Fund.

**Note 7 - Leases**

Effective June 21, 2005, the Medina County District Library renewed a lease agreement with Medina County Publications, Inc. for an office building. The term of the lease for a two-year period was \$3,925 per month, indexed annually according to the "Consumer Price Index." On March 22, 2007 the lease agreement, which was scheduled to expire on June 30, 2007, was extended until December 31, 2007. On November 14, 2007 the lease was extended for a second time until April 30, 2008 at a monthly rent expense of \$4,200. Total lease expense for 2008 was \$16,800. There was no lease expense for 2009.

**Note 8 - Defined Benefit Pension Plan**

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

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

For the years ended December 31, 2009 and 2008, the members of all three plans were required to contribute 10 percent of their annual covered salaries. The Library's contribution rates for pension benefits for 2009 and 2008 were 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$564,738, \$568,913 and \$509,979, respectively. The full amount has been contributed for all three years.

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**Note 9 - Postemployment Benefits**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2008 local government employer contribution rate was 14 percent of covered payroll; 7 percent of covered payroll was the portion that was used to fund health care. The 2009 local government employer contribution rate was 14 percent of covered payroll; 7 percent of covered payroll from January 1 through June 30, 2009 and 5.5 percent from July 1 through December 31, 2009 was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2008, include a rate of return on investments of 6.5 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 at the projected wage inflation rate plus an additional factor ranging from 0.5 percent to 5 percent for the next 8 years. In subsequent years, (9 and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

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 contributions used to fund health care were \$236,988, \$238,740, and \$214,009 for 2009, 2008 and 2007, respectively.

The number of active contributing participants in the traditional and combined plans was 357,584 in 2009 and 363,503 in 2008. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2008, (the latest information available) were \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$39.6 billion and \$18.9 billion, respectively.

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 for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

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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 Endowment Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year-end December 31, 2009 amounted to \$133,494 for the General Fund and \$0 for the Endowment Fund. Encumbrances outstanding at year ended December 31, 2008 amounted to \$233,625 for the General Fund and \$2,276 for the Endowment Fund.

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

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

Medina County District Library  
Medina County  
210 S Broadway St.  
Medina, Ohio 44256

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 Medina County District Library, Medina County (the Library) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 5, 2010, wherein we noted the Library followed the cash basis accounting. 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 audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

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

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

### Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the Board of Trustees and others within the Library. We intend it for no one other than these specified parties.

***Charles E. Harris & Associates, Inc.***

May 5, 2010



**Medina County District Library  
Medina County, Ohio  
For the Years Ended December 31, 2009 and 2008**

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

The prior audit report, for the years ending December 31, 2007 and 2006, reported no material citations or recommendations.





**Mary Taylor, CPA**  
Auditor of State

**MEDINA COUNTY LIBRARY**

**MEDINA 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  
JULY 29, 2010**