

**EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2010 AND 2009**



Dave Yost • Auditor of State

Board of Trustees
Euclid Public Library
631 East 222nd Street
Euclid, Ohio 44123

We have reviewed the *Independent Accountants' Report* of the Euclid Public Library, Cuyahoga County, prepared by Neece, Malec, Seifert, & Vitaz, for the audit period January 1, 2009 through December 31, 2010. 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 Euclid Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

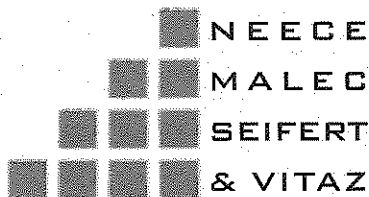
Dave Yost
Auditor of State

July 18, 2011

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**EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY
FINANCIAL STATEMENTS**

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Certified Public Accountants

Independent Accountants' Report

To the Board of Trustees
Euclid Public Library
Cuyahoga County
631 East 222nd Street
Euclid, OH 44123

We have audited the accompanying financial statements of the governmental activities and each major fund of the Euclid Public Library, Cuyahoga County, Ohio, (the Library) as of and for the years ended December 31, 2010 and December 31, 2009, 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 audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Governmental Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of the Euclid Public Library, Cuyahoga County, Ohio as of December 31, 2010 and December 31, 2009, and the respective changes in cash financial position and the respective budgetary comparison for the General fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2011, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audits.

To the Board of Trustees
Euclid Public Library
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Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

Nancy Melic Seifert-Witay

Mentor, Ohio
June 24, 2011

**EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
UNAUDITED**

This discussion and analysis of the Euclid Public Library's financial performance provides an overall review of the Libraries financial activities for the year ended December 31, 2010, and December 31, 2009 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 2010 are as follows:

The Public Library Fund (PLF) income had an additional 6% reduction, of \$105,635 for 2010. Further cuts in expenditures included the following; 3% wage reduction for all staff, open non-bargaining positions currently unfilled, payroll expenditures were decreased by eliminating all substitute staff, changes in health care insurance, library materials and capital outlay were decreased from 2009.

The current 3.5 mill levy (5 year) ended in 2010. A replacement of 3.5 and an additional .5 mill increase for a total of 4.00 mills was placed on the May 2010 ballot and passed by voters. The levy will generate income beginning 2011.

Key highlights for 2009 are as follows:

The PLF, which is the portion of the general revenues of the State of Ohio that libraries receive, was decreased in the Governor's 2010-2011 State biennium budget from 2.22 percent to 1.97 percent. The loss of revenue was \$378,005, an 18% reduction of income from 2008 to 2009. As a result of this reduction in funding, the Library Board implemented several cost saving measures. The bargaining unit staff wages were frozen through December 2009; as a result of the new union contract, also changes in health care insurance and decreased purchases of library materials. The new union contract was negotiated and approved for October 1, 2009 through September 30, 2012 and step increases for all bargaining unit positions were eliminated.

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.

**EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 2010 and 2009, within the limitations of cash basis accounting. The statement of net assets presents the cash and cash equivalent balances of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental activity. Program receipts include patron fines and fees 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 non-financial factors as well, such as the Library's property tax base, the condition of the Library's capital assets, the extent of the Library's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes and the PLF.

In the statement of net assets and the statement of activities, the Library reports Governmental activities. All of the Library's programs and services are reported here, including general public services, purchased and contracted services, and library materials and information. These services are primarily funded by property taxes and PLF. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**EUCLID PUBLIC LIBRARY
 CUYAHOGA COUNTY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
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Reporting the Government's Most Significant Funds

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

Governmental Funds - The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The Library had no non-major funds, to be reported under Other Governmental Funds. The Library's major governmental funds are the General Fund and the Building Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2010 compared to 2009 and 2008 on a cash basis:

(Table 1)

Net Assets

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$5,120,511</u>	<u>\$5,024,566</u>	<u>\$5,276,527</u>
Total Assets	<u>\$5,120,511</u>	<u>\$5,024,566</u>	<u>\$5,276,527</u>
Net Assets			
Restricted for:			
Capital Projects	<u>\$1,897,046</u>	<u>\$2,059,941</u>	<u>\$2,059,941</u>
Unrestricted	<u>3,223,465</u>	<u>2,964,625</u>	<u>3,216,586</u>
Total Net Assets	<u>\$5,120,511</u>	<u>\$5,024,566</u>	<u>\$5,276,527</u>

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Table 2 reflects the changes in the Library's net assets in 2010, 2009, and 2008 and a comparative analysis of government-wide data.

(Table 2)
Change in Net Assets

	<u>Governmental Activities</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Receipts:			
Program Receipts:			
Program Revenue	\$ 112,491	\$ 112,813	\$ 112,991
Total Program Revenue	<u>112,491</u>	<u>112,813</u>	<u>112,991</u>
General Receipts:			
Property and Other Local Taxes	2,328,438	2,298,462	2,417,670
Intergovernmental	2,228,528	2,322,722	2,638,068
Grants	0	1,250	850
Unrestricted Gifts and Contributions	680	900	925
Earnings on Investments	67,198	76,942	163,137
Miscellaneous	29,221	17,770	19,176
Total General Receipts	<u>4,654,065</u>	<u>4,718,046</u>	<u>5,239,826</u>
Total Receipts	<u>4,766,556</u>	<u>4,830,859</u>	<u>5,352,817</u>
Disbursements:			
General Library Services	4,423,750	4,955,152	5,066,041
Capital Outlay	246,861	127,668	90,407
Total Disbursements	<u>4,670,611</u>	<u>5,082,820</u>	<u>5,156,448</u>
Excess of Receipts Over(Under) Disbursements	<u>95,945</u>	<u>(251,961)</u>	<u>196,369</u>
Change in Net Assets	95,945	(251,961)	196,369
Net Assets, January 1	<u>5,024,566</u>	<u>5,276,527</u>	<u>5,080,158</u>
Net Assets, December 31	<u>\$5,120,511</u>	<u>\$5,024,566</u>	<u>\$5,276,527</u>

Program receipts are comprised of patron fines and fees in 2010 and 2009 and are 2.3 percent and 2.3 percent respectively, of the total receipts. Earnings on investments declined in 2010 because of dropping interest rates accounting for 1.4 percent of the total year receipts. Earnings on investments in 2009 were 1.6 percent of total receipts.

Disbursements for salaries and benefits, supplies, contractual services, library materials and processing, capital outlay and other, represent the cost of running the Library.

**EUCLID PUBLIC LIBRARY
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 MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental Activities

If you look at the Statement of Activities you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major disbursements for governmental activities are Salaries and Benefits, Supplies, Contractual Services, Library Materials, Capital Outlay and Other disbursements, respectively. The next columns of the Statement entitled Program Cash Receipts identify amounts paid by those who are directly charged for the service and received by the Library that must be used to provide a specific service. The net (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities				
	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
General Library Services	\$4,423,750	\$4,311,259	\$4,955,152	\$4,842,339
Capital Outlay	246,861	246,861	127,668	127,668
Total Governmental Activities	<u>\$4,670,611</u>	<u>\$4,558,120</u>	<u>\$5,082,820</u>	<u>\$4,970,007</u>
	Total Cost of Services 2008	Net Cost of Services 2008		
General Library Services	\$5,066,041	\$4,953,050		
Capital Outlay	90,407	90,407		
Total Governmental Activities	<u>\$5,156,448</u>	<u>\$5,043,457</u>		

General Fund Budgeting Highlights

The Library's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The Library did amend its General Fund Budget in 2010 and 2009.

During the fiscal year 2010 the budget basis revenue increased slightly from the amended budget estimates. The difference between budgeted revenues and actual revenues were \$100,497.

During the fiscal year 2009 the budget basis revenue increase was \$2,725 from the budgeted estimates.

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General Fund Budgeting Highlights (Continued)

Final Disbursements for 2010 were budgeted at \$ 4,904,520 while actual disbursements were \$4,738,771. General Fund receipts were more than disbursements by \$ 27,785. Final Disbursements for 2009 were budgeted at \$ 5,402,927 while actual disbursements were \$5,343,044. General Fund receipts were less than disbursements by \$ 512,185.

Current Issues

The challenge for all Ohio Libraries is to provide quality services to meet public demands while staying within the restrictions of State funding. The Library relies heavily on property taxes and the PLF revenue. Even though the Library has stable funds, it is dependent on funding from the State to remain in this position.

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 Shirley E. Narwid, Fiscal Officer, Euclid Public Library, 631 East 222nd Street, Euclid, Ohio 44123 or e-mail snarwid@euclidlibrary.org.

**EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2010**

	<u>Governmental Activities</u>
ASSETS	
Equity in pooled cash and cash equivalents	\$ 5,120,511
Total assets	<u>\$ 5,120,511</u>
NET ASSETS	
Restricted for: Capital Projects	\$ 1,897,046
Unrestricted	<u>3,223,465</u>
Total net assets	<u>\$ 5,120,511</u>

The accompanying notes are an integral part of the basic financial statements.

**EUCLID PUBLIC LIBRARY
 CUYAHOGA COUNTY
 STATEMENT OF ACTIVITIES - CASH BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2010**

	Cash Disbursements	Program Cash Receipts Charges for Services and Sales	Net (Disbursements) Receipts & Changes in Net Assets Governmental Activities
Governmental Activities			
General library services	\$ 4,423,750	\$ 112,491	\$ (4,311,259)
Capital outlay	246,861	-	(246,861)
Total governmental activities	\$ 4,670,611	\$ 112,491	(4,558,120)
General Receipts			
Property and other local taxes			2,328,438
Intergovernmental			2,228,528
Unrestricted gifts and contributions			680
Interest			67,198
Miscellaneous			29,221
Total general receipts			4,654,065
Changes in net assets			95,945
Net assets - beginning of year			5,024,566
Net assets - end of year			\$ 5,120,511

The accompanying notes are an integral part of the basic financial statements.

EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	<u>General</u>	<u>Building Fund</u>	<u>Total Governmental Funds</u>
Assets			
Equity in pooled cash and cash equivalents	\$ 3,223,465	\$ 1,897,046	\$ 5,120,511
Total assets	<u>\$ 3,223,465</u>	<u>\$ 1,897,046</u>	<u>\$ 5,120,511</u>
Fund Balances			
Reserved:			
Reserved for encumbrances	\$ 120,585	\$ -	\$ 120,585
Unreserved:			
Undesignated (deficit), reported in:			
General fund	3,102,880	-	3,102,880
Capital projects funds	-	1,897,046	1,897,046
Total fund balances	<u>\$ 3,223,465</u>	<u>\$ 1,897,046</u>	<u>\$ 5,120,511</u>

The accompanying notes are an integral part of the basic financial statements.

EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN
CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	Building Fund	Total Governmental Funds
Receipts			
Property and other local taxes	\$ 2,328,438	\$ -	\$ 2,328,438
Intergovernmental	2,228,528	-	2,228,528
Patron fines and fees	112,491	-	112,491
Contributions, gifts and donations	680	-	680
Earnings on investments	67,198	-	67,198
Miscellaneous	29,221	-	29,221
Total receipts	<u>4,766,556</u>	<u>-</u>	<u>4,766,556</u>
Disbursements			
General library services	4,423,750	-	4,423,750
Capital outlay	83,966	162,895	246,861
Total disbursements	<u>4,507,716</u>	<u>162,895</u>	<u>4,670,611</u>
Excess of receipts over (under) disbursements	<u>258,840</u>	<u>(162,895)</u>	<u>95,945</u>
Net Change in Fund Balances	258,840	(162,895)	95,945
Fund Balances - Beginning of Year	<u>2,964,625</u>	<u>2,059,941</u>	<u>5,024,566</u>
Fund Balances - End of Year	<u>\$ 3,223,465</u>	<u>\$ 1,897,046</u>	<u>\$ 5,120,511</u>

The accompanying notes are an integral part of the basic financial statements.

EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
DECEMBER 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and other local taxes	\$ 2,386,021	\$ 2,384,771	\$ 2,328,438	\$ (56,333)
Intergovernmental	2,142,602	2,076,258	2,228,528	152,270
Patron fines and fees	111,000	110,000	112,491	2,491
Contributions, gifts and donations	1,000	800	680	(120)
Earnings on investments	75,000	65,000	67,198	2,198
Miscellaneous	13,300	29,230	29,221	(9)
Total receipts	<u>4,728,923</u>	<u>4,666,059</u>	<u>4,766,556</u>	<u>100,497</u>
Disbursements				
General library services	4,645,187	4,795,075	4,654,805	140,270
Capital outlay	100,000	109,445	83,966	25,479
Total disbursements	<u>4,745,187</u>	<u>4,904,520</u>	<u>4,738,771</u>	<u>165,749</u>
Excess of receipts over (under) disbursements	<u>(16,264)</u>	<u>(238,461)</u>	<u>27,785</u>	<u>266,246</u>
Net Change in Fund Balances	(16,264)	(238,461)	27,785	266,246
Fund Balance - Beginning of Year	2,964,625	2,964,625	2,964,625	-
Prior Year Encumbrances Appropriated	110,470	110,470	110,470	-
Fund Balance - End of Year	<u>\$ 3,058,831</u>	<u>\$ 2,836,634</u>	<u>\$ 3,102,880</u>	<u>\$ 266,246</u>

The accompanying notes are an integral part of the basic financial statements.

**EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2009**

	<u>Governmental Activities</u>
ASSETS	
Equity in pooled cash and cash equivalents	\$ 5,024,566
Total assets	<u>\$ 5,024,566</u>
NET ASSETS	
Restricted for: Capital Projects	\$ 2,059,941
Unrestricted	<u>2,964,625</u>
Total net assets	<u>\$ 5,024,566</u>

The accompanying notes are an integral part of the basic financial statements.

**EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Cash Disbursements	Program Cash Receipts Charges for Services and Sales	Net (Disbursements) Receipts & Changes in Net Assets Governmental Activities
Governmental Activities			
General library services	\$ 4,955,152	\$ 112,813	\$ (4,842,339)
Capital outlay	127,668	-	(127,668)
Total governmental activities	\$ 5,082,820	\$ 112,813	(4,970,007)
General Receipts			
Property and other local taxes			2,298,462
Intergovernmental			2,322,722
Grants			1,250
Unrestricted gifts and contributions			900
Interest			76,942
Miscellaneous			17,770
Total general receipts			4,718,046
Changes in net assets			(251,961)
Net assets - beginning of year			5,276,527
Net assets - end of year			\$ 5,024,566

The accompanying notes are an integral part of the basic financial statements.

EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	<u>General</u>	<u>Building Fund</u>	<u>Total Governmental Funds</u>
Assets			
Equity in pooled cash and cash equivalents	\$ 2,964,625	\$ 2,059,941	\$ 5,024,566
Total assets	<u>\$ 2,964,625</u>	<u>\$ 2,059,941</u>	<u>\$ 5,024,566</u>
Fund Balances			
Reserved:			
Reserved for encumbrances	\$ 110,470	\$ -	\$ 110,470
Unreserved:			
Undesignated (deficit), reported in:			
General fund	2,854,155	-	2,854,155
Capital projects funds	-	2,059,941	2,059,941
Total fund balances	<u>\$ 2,964,625</u>	<u>\$ 2,059,941</u>	<u>\$ 5,024,566</u>

The accompanying notes are an integral part of the basic financial statements.

EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN
CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	General	Building Fund	Total Governmental Funds
Receipts			
Property and other local taxes	\$ 2,298,462	\$ -	\$ 2,298,462
Intergovernmental	2,322,722	-	2,322,722
Grants	1,250	-	1,250
Patron fines and fees	112,813	-	112,813
Contributions, gifts and donations	900	-	900
Earnings on investments	76,942	-	76,942
Miscellaneous	17,770	-	17,770
Total receipts	4,830,859	-	4,830,859
Disbursements			
General library services	4,955,152	-	4,955,152
Capital outlay	127,668	-	127,668
Total disbursements	5,082,820	-	5,082,820
Excess of receipts over (under) disbursements	(251,961)	-	(251,961)
Net Change in Fund Balances	(251,961)	-	(251,961)
Fund Balances - Beginning of Year	3,216,586	2,059,941	5,276,527
Fund Balances - End of Year	\$ 2,964,625	\$ 2,059,941	\$ 5,024,566

The accompanying notes are an integral part of the basic financial statements.

EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and other local taxes	\$ 2,595,000	\$ 2,299,862	\$ 2,298,462	\$ (1,400)
Intergovernmental	2,287,200	2,322,722	2,322,722	-
Grants	-	1,250	1,250	-
Patron fines and fees	109,000	111,000	112,813	1,813
Contributions, gifts and donations	1,500	800	900	100
Earnings on investments	75,000	75,000	76,942	1,942
Miscellaneous	20,000	17,500	17,770	270
Total receipts	<u>5,087,700</u>	<u>4,828,134</u>	<u>4,830,859</u>	<u>2,725</u>
Disbursements				
General library services	5,731,931	5,242,136	5,215,376	26,760
Capital outlay	150,000	160,791	127,668	33,123
Total disbursements	<u>5,881,931</u>	<u>5,402,927</u>	<u>5,343,044</u>	<u>59,883</u>
Excess of receipts over (under) disbursements	<u>(794,231)</u>	<u>(574,793)</u>	<u>(512,185)</u>	<u>62,608</u>
Net Change in Fund Balances	(794,231)	(574,793)	(512,185)	62,608
Fund Balance - Beginning of Year	3,216,586	3,216,586	3,216,586	-
Prior Year Encumbrances Appropriated	149,754	149,754	149,754	-
Fund Balance - End of Year	<u>\$ 2,572,109</u>	<u>\$ 2,791,547</u>	<u>\$ 2,854,155</u>	<u>\$ 62,608</u>

The accompanying notes are an integral part of the basic financial statements.

**EUCLID PUBLIC LIBRARY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 1 - Description of the Library and Reporting Entity

The Euclid Public Library, Cuyahoga County, was organized as a school district public library in 1935 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Euclid City School District 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 ("ORC") with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

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

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," the Library is considered to be a related organization of the Euclid School District.

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

The 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 Euclid Public Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, 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.

EUCLID PUBLIC LIBRARY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Library as a whole. These statements include the financial activities of the Library.

The statement of net assets presents the cash and investment balances, of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, 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 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.

B. Fund Accounting

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

Governmental Funds

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

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

Building Fund - The building fund consists of revenues derived from Board approved transfers from the General Fund. These monies are unrestricted and have been set aside for major capital and technology improvements.

EUCLID PUBLIC LIBRARY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

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 liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

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

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 appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

E. Cash and Cash Equivalents

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

Investments 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.

EUCLID PUBLIC LIBRARY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

E. Cash and Cash Equivalents (Continued)

During 2009 and 2010, investments were limited to Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes, a money market fund, STAR Ohio and nonnegotiable certificates of deposit. Except for the money market fund and Star Ohio, these investments are recorded at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2009 or 2010.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the general fund during 2010 and 2009 amounted to \$ 67,198 and \$ 76,942, respectively, which includes \$ 10,487 and \$ 14,362 assigned from other funds.

F. 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.

G. 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.

H. 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.

I. Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursements 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.

J. 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.

EUCLID PUBLIC LIBRARY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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 presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding for the general fund at year end (budgetary basis) amounted to \$ 120,585 for 2010 and \$ 110,470 for 2009. The encumbrances outstanding for the building fund at year end (budgetary basis) amounted to \$ 7,402 for 2010 and \$ 8,286 for 2009.

Note 4 - Deposits and Investments

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active 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 Board 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 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.

The Library's investment policy permits the purchase of any security specifically authorized by the Ohio Revised Code and includes the following:

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 marked to market daily, the term of the agreement must not exceed thirty days;

EUCLID PUBLIC LIBRARY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Note 4 - Deposits and Investments (Continued)

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

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Library by the financial institution, or 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 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. Payments for investments may be made only upon delivery of the securities representing the investment to the Fiscal Officer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Library had \$ 300 in undeposited cash in each year on hand for petty cash purposes which is included as part of Equity in Pooled cash and cash equivalents on the financial statements.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end 2010, the carrying amount of the Library's deposits was \$ 2,715,151, at fiscal year end 2009, the carrying amount of the Library's deposits was \$ 1,862,343. Of the Library bank balance of \$ 2,587,464 and \$ 1,743,887 for fiscal year end 2010 and 2009, respectively, \$ 1,591,439 and \$ 745,643 was uninsured and uncollateralized. Although the securities were held by the pledging institution's trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the Library to a successful claim by FDIC.

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

**EUCLID PUBLIC LIBRARY
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 4 - Deposits and Investments (Continued)

Investments

As of December 31, 2010, the Library had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
Federal Home Loan Bank Notes	\$ 403,976	09/06/11
STAR Ohio	1,501,084	55 Day Average
Ally Bank	250,000	08/20/12
Community South Bank	250,000	08/27/12
Total Investments	<u>\$ 2,405,060</u>	

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

	<u>Carrying Value</u>	<u>Maturity</u>
Federal Home Loan Mortgage Corporation Notes	\$ 742,098	08/01/10
Federal Home Loan Bank Notes	403,976	09/06/11
Federal Home Loan Bank Notes	518,548	09/06/11
STAR Ohio	1,497,301	55 Day Average
Total Investments	<u>\$ 3,161,923</u>	

Interest rate risk arises because the fair value of investment changes as interest rates change. 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.

The Library's investments were rated AAA by Moody Investment Service and Star Ohio is rated AAAM by Standards & Poors.

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 Federal Home Loan Mortgage Corporation Notes and the Federal Home Loan Bank Notes 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."

The Library places no limit on the amount that may be invested in any one issuer. The Library investments in Star Ohio, FHLB, Ally Bank, Community South Bank represent 62.4%, 16.8%, 10.4%, 10.4%, respectively, in 2010. The Library investments in Star Ohio, FHLB, FHLMC represent 47.4%, 29.2%, 23.4%, respectively in 2009.

**EUCLID PUBLIC LIBRARY
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 5 - Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Ohio School District. Real property tax receipts received in 2009 (2010) represent the collection of 2008 (2009) taxes. Real property taxes received in 2009 (2010) were levied after October 1, 2008 (2009), on the assessed values as of January 1, 2008 (2009), the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2009 (2010) represent the collection of 2008 (2009) taxes, respectively. Public utility real and tangible personal property taxes received in 2009 (2010) became a lien on December 31, 2008 (2009), were levied after October 1, 2008 (2009), and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2009 (other than public utility property) represent the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2009 were levied after October 1, 2008 on the value as of December 31, 2008. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Library operations for the year ended December 31, 2010 was \$ 3.50 (3.5 mills) per \$ 1,000 of assessed value. The assessed values of real property and public utility property upon which 2010 property tax receipts were based are as follows:

Real Property	
Residential/Agriculture	\$ 1,922,485
Other Real Estate	635,390
Tangible Personal Property	-
Public Utility	<u>52,879</u>
Total Assessed Value	<u>\$ 2,610,754</u>

The full tax rate for all Library operations for the year ended December 31, 2009 was \$ 3.50 (3.5 mills) per \$ 1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 property tax receipts were based are as follows:

Real Property	
Residential/Agriculture	\$ 1,923,210
Other Real Estate	657,478
Tangible Personal Property	49,314
Public Utility	<u>50,467</u>
Total Assessed Value	<u>\$ 2,680,469</u>

EUCLID PUBLIC LIBRARY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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 2010, the Library contracted with companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Ohio Plan Risk Management	Commercial Property	\$ 7,500,000
	General Liability	\$ 2,000,000/4,000,000
	Commercial Crime	\$ 10,000
	Inland Marine	\$ 550,000
	Vehicle	\$ 2,000,000
	Error and Omissions	\$ 2,000,000/4,000,000
Travelers Insurance Co.	Library Officials	\$ 50,000 each
	Fidelity and Deposit	

In 2009, the Library's coverage was as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Ohio Plan Risk Management	Commercial Property	\$ 7,500,000
	General Liability	\$ 2,000,000/4,000,000
	Commercial Crime	\$ 10,000
	Inland Marine	\$ 550,000
	Vehicle	\$ 2,000,000
	Error and Omissions	\$ 2,000,000/4,000,000
Travelers Insurance Co.	Library Officials	\$ 50,000 each
	Fidelity and Deposit	

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 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.

EUCLID PUBLIC LIBRARY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Note 7 - Defined Benefit Pension Plan (Continued)

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, including post-employment health care coverage. 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 year ended December 31, 2010 and 2009, the members of all three plans were required to contribute 10.0 and 10.0 percent, respectively of their annual covered salaries. The Library's contribution rate for pension benefits for 2010 and 2009 was 14.0 percent and 14.0 percent, respectively. 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, 2010, 2009, and 2008 were \$ 323,242, \$ 358,815, and \$ 372,852, respectively; the full amount has been contributed for 2010, 2009 and 2008.

Note 8 - 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.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare B premium reimbursement, 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.

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

The Ohio Revised code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

The number of active contributing participants in the traditional and combined plans was 357,584 as of December 31, 2009. Actual employer contributions for 2010 and 2009 which were used to fund post-employment benefits were \$ 323,242 and \$ 358,815, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2009, (the latest information available) were \$ 10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$ 29.6 billion and \$ 18.9 billion, respectively.

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

EUCLID PUBLIC LIBRARY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

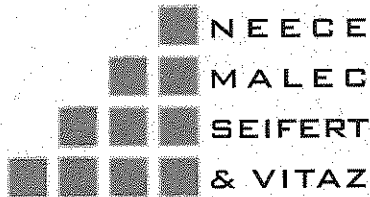
Note 9 - Related Organizations

The Library does not have any related organization, for which it is accountable.

The Library has the following affiliate organization for which it is not accountable:

Friends of The Euclid Public Library

Euclid Public Library Foundation



Certified Public Accountants

**Independent Accountants' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Required by Government Auditing Standards**

To the Board of Trustees
Euclid Public Library
Cuyahoga County
631 East 222nd Street
Euclid, OH 44123

We have audited the financial statements of the governmental activities and each major fund of the Euclid Public Library, Cuyahoga County, Ohio (the Library) as of and for the years ended December 31, 2010 and December 31, 2009, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 24, 2011, wherein we noted the Library uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our auditing procedures for the expressing our opinion on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A *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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

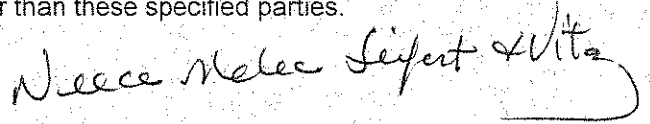
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies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

To the Board of Trustees
Euclid Public Library
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Compliance And Other Matters

As part of reasonably assuming 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 such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2010-001.

This report is intended solely for the information and use of the Audit Committee, management, and the Library Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in black ink, reading "Nance Melec Seifert" with a stylized flourish at the end.

Mentor, Ohio
June 24, 2011

**EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN
ACCORDANCE WITH GAGAS**

FINDING NUMBER 2010-001

Financial Reporting

As a result of the audit procedures performed, we noted two reconstruction contracts the Library entered into in 2010 which did not have the required prevailing wage language included in them.

According to Ohio Rev. Code Sections 4115.04 and 4115.05, contracts over certain thresholds are required to include the prevailing wage language to make certain the contractors who are awarded the contracts agree to pay the prevailing wage. It was noted the invoices submitted for payment from the contractors included the prevailing wage language.

To ensure the Library's compliance with applicable contract laws, all contracts should be thoroughly reviewed for appropriate language and items.

Officials Reponse:

Library officials have implemented corrective procedures.

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Dave Yost • Auditor of State

EUCLID PUBLIC LIBRARY

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 28, 2011**