



Dave Yost • Auditor of State



**TWINSBURG PUBLIC LIBRARY  
SUMMIT COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Twinsburg Public Library  
Summit County  
10050 Ravenna Road  
Twinsburg, Ohio 44087

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 Twinsburg Public Library, Summit County, Ohio, (the Library) as of and for the year ended December 31, 2010, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2012, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

May 8, 2012

## Twinsburg Public Library

### Management's Discussion and Analysis For the Years Ended December 31, 2010 Unaudited

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

- Net assets of the Library increased \$365,714 or 37.00% from the previous year
- Total fund balance in the Library's Building and Repair Fund was \$290,329 at December 31, 2010, an increase of \$124,042 or 74.60% from the previous year.
- Property and other local tax revenue decreased \$209,858 or 13.13% from the previous year.

#### **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.

#### **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 receipts (such as accounts receivable) and certain liabilities and their related disbursements (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, 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 activity. Program receipts include customer 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.

**Twinsburg Public Library**

Management's Discussion and Analysis  
For the Years Ended December 31, 2010  
Unaudited

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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, think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well such as the Library's property tax base, the 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 tax and public library funds.

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 public services and program, collection development and processing, and general administration. These services are primarily funded by property taxes and public library funds. 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 reported in one category: governmental.

Governmental Funds - 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's major governmental funds are the General Fund, Debt Service Fund, Building and Repair Fund and Construction Fund.

**The Library as a Whole**

The Statement of Net Assets provides the perspective of the Library as a whole. Table 1 provides a summary of the Library's net assets for 2010, compared to 2009 on a cash basis.

Table 1  
**Net Assets**

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
<b>Assets</b>		
Cash and Cash Equivalents	<u>\$ 1,353,928</u>	<u>\$ 988,214</u>
<b>Net Assets</b>		
Restricted for:		
Debt Service		\$ 302,737
Capital Projects		166,287
Unrestricted	<u>\$ 1,353,928</u>	<u>519,190</u>
Total Net Assets	<u>\$ 1,353,928</u>	<u>\$ 988,214</u>

**Twinsburg Public Library**

Management's Discussion and Analysis  
For the Years Ended December 31, 2010  
Unaudited

All of the Library's net assets are considered unrestricted, as none of the Library's net assets meets the definition of restricted in Governmental Accounting Standards Board Statement No. 34.

Table 2 shows the changes in net assets for the fiscal years ended December 31, 2010 and December 31, 2009

**Table 2  
Change in Net Assets**

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
<b>Receipts</b>		
Program Receipts:		
Charges for Services and Sales	\$77,476	\$61,745
Operating Grants and Contributions	26,243	24,092
Capital Grants and Contributions		7,770
<b>Total Program Receipts</b>	103,719	93,607
<b>General Receipts:</b>		
Property and Other Local Taxes	1,388,640	1,598,498
Grants and Entitlements not Restricted to Specific Purposes	1,356,528	1,451,532
Unrestricted Gifts and Contributions	1,105	931
Earnings on Investments	2,422	4,081
Miscellaneous	8,198	6,072
<i>Total General Receipts</i>	2,756,893	3,061,114
<i>Total Receipts</i>	2,860,612	3,154,721
<b>Disbursements</b>		
Current:		
Library Services:		
Public Service and Programs	1,060,608	1,114,962
Collection Development and Processing	648,062	657,358
Support Services:		
Facilities Operation and Maintenance	246,510	272,733
Business Administration	325,598	423,573
Capital Outlay	89,009	84,723
Debt Service:		
Redemption of Principal	110,000	106,000
Interest	15,111	19,754
<i>Total Disbursements</i>	2,494,898	2,679,103
<b>Increase/Decrease in Net Assets</b>	365,714	475,618
Net Assets, January 1	988,214	512,596
Net Assets, December 31	\$1,353,928	\$988,214

**Twinsburg Public Library**

Management's Discussion and Analysis  
For the Years Ended December 31, 2010  
Unaudited

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For 2010, program receipts represent 3.63% of total cash receipts and are primarily comprised of customer fines and fees, and restricted contributions and donations.

For 2010, general cash receipts represent 96.37% of the Library's total cash receipts, and of general cash receipts, 50.37% are local taxes and 49.20% are intergovernmental revenue, primarily consisting of public library funds.

The decrease of \$209,858 or 13.13% in property and other local tax revenue, is due to the Library receiving a significant one-time tangible personal property tax receipt during 2009 from a Twinsburg company, due to tax audit findings.

Disbursements for public service programs, collection development and processing, facilities operation and maintenance, and business administration represent the costs of running the Library.

**Governmental Activities**

If you look at the Statement of Activities on page 10, 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 for 2010; the major program disbursements for governmental activities are Public Service and Programs, Collection Development and Processing, and Business Administration, which account for 42.51%, 25.98% and 13.05%, respectively, of all Library disbursements for 2010. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program revenues 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 the state of Ohio and 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
Library Services				
Public Service and Programs	\$1,060,608	\$956,889	\$1,114,962	\$1,021,355
Collection Development and Processing	648,062	648,062	657,358	657,358
Support Services				
Facilities Operation and Maintenance	246,510	246,510	272,733	272,733
Business Administration	325,598	325,598	423,573	423,573
Capital Outlay	89,009	89,009	84,723	84,723
Principal Retirement	110,000	110,000	106,000	106,000
Interest and Fiscal Charges	15,111	15,111	19,754	19,754
<b>Total Expenses</b>	<b>\$2,494,898</b>	<b>\$2,391,179</b>	<b>\$2,679,103</b>	<b>\$2,585,496</b>

## **Twinsburg Public Library**

Management's Discussion and Analysis  
For the Years Ended December 31, 2010  
Unaudited

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### **The Library's Funds**

For 2010, governmental funds had total cash receipts of \$2,860,612 and total cash disbursements of \$2,494,898. The fund balance of the Building and Repair Fund increased by \$124,042 or 74.60%. The reason for the increase is due to the Board's decision to set-aside more resources in the Building and Repair Fund for future construction, repair, and improvement of Library facilities.

The Library's other major funds include the General Fund, Debt Service Fund, and Construction Fund. The General Fund accounts for the basic operations of the Library from unrestricted resources. The Debt Service Fund accounts for monies set aside primarily for the payment of the Ohio Association of School Business Officials (OASBO) note that was secured to fund the 2003 renovation and addition to the Library. The Construction Fund accounts for resources used to fund the Library's major circulation area renovations and additions project.

### **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, cash disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2010, the Library amended its General Fund budget several times to reflect changing circumstances. Cash disbursements in 2010 were originally budgeted at \$2,916,032 while actual cash disbursements were \$2,869,452. The decrease between the originally budgeted disbursements and actual disbursements was due to an overall effort of the Library to reduce disbursements.

### **Debt Administration**

At December 31, 2010, the Library's outstanding debt included \$235,000 in general obligation notes obtained for the renovation and addition to the current building. For further information regarding the Library's debt, refer to Note 10 to the basic financial statements.

### **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 relies heavily on local taxes and public library funds to fund the activities of the library.

### **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: Fiscal Officer, Twinsburg Public Library, 10050 Ravenna Road, Twinsburg, Ohio 44087.

**Twinsburg Public Library**  
**Summit County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2010*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 1,353,928</u>
<b>Net Assets</b>	
Unrestricted	<u>\$ 1,353,928</u>
<i>Total Net Assets</i>	<u>\$ 1,353,928</u>

See accompanying notes to the basic financial statements

**Twinsburg Public Library**  
**Summit County**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2010

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Library Services:				
Public Service and Programs	\$ 1,060,608	\$ 77,476	\$ 26,243	\$ (956,889)
Collection Development and Processing	648,062			(648,062)
Support Services:				
Facilities Operation and Maintenance	246,510			(246,510)
Business Administration	325,598			(325,598)
Capital Outlay	89,009			(89,009)
Debt Service:				
Principal Retirement	110,000			(110,000)
Interest and Fiscal Charges	15,111			(15,111)
<b>Total Governmental Activities</b>	<b>\$ 2,494,898</b>	<b>\$ 77,476</b>	<b>\$ 26,243</b>	<b>\$ (2,391,179)</b>
<b>General Receipts</b>				
				1,388,640
Property Taxes Levied for General Purposes				1,105
Unrestricted Gifts and Contributions				1,356,528
Grants and Entitlements not Restricted to Specific Programs				2,422
Interest				8,198
Miscellaneous				
<b>Total General Receipts</b>				<b>2,756,893</b>
Change in Net Assets				365,714
<i>Net Assets Beginning of Year</i>				<u>988,214</u>
<i>Net Assets End of Year</i>				<u>\$ 1,353,928</u>

See accompanying notes to the basic financial statements

**Twinsburg Public Library**  
**Summit County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2010*

	General Fund	Debt Service Fund	Building and Repair Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 575,301	\$ 238,291	\$ 290,329	\$ 175,005	\$ 75,002	\$ 1,353,928
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	73,094		16,395			89,489
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	502,207					502,207
Debt Service Fund		238,291				238,291
Capital Projects Funds			273,934	175,005	75,002	523,941
<b>Total Fund Balances</b>	<b>\$ 575,301</b>	<b>\$ 238,291</b>	<b>\$ 290,329</b>	<b>\$ 175,005</b>	<b>\$ 75,002</b>	<b>\$ 1,353,928</b>

See accompanying notes to the basic financial statements

**Twinsburg Public Library**  
**Summit County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2010*

	General Fund	Debt Service Fund	Building and Repair Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$ 1,388,640					\$ 1,388,640
Intergovernmental	1,356,528				\$7,125	1,363,653
Patron Fines and Fees	68,476					68,476
Contributions, Gifts and Donations	20,223					20,223
Earnings on Investments	1,404	665	346	5	2	2,422
Miscellaneous	17,198					17,198
<i>Total Receipts</i>	<u>2,852,469</u>	<u>665</u>	<u>346</u>	<u>5</u>	<u>7,127</u>	<u>2,860,612</u>
<b>Disbursements</b>						
Current:						
Library Services:						
Public Service and Programs	1,053,609				7,000	1,060,609
Collection Development and Processing	645,562				2,500	648,062
Support Services:						
Facilities Operation and Maintenance	246,510					246,510
Business Administration	325,598					325,598
Capital Outlay	72,704		16,304			89,008
Debt Service:						
Principal Retirement		110,000				110,000
Interest and Fiscal Charges		15,111				15,111
<i>Total Disbursements</i>	<u>2,343,983</u>	<u>125,111</u>	<u>16,304</u>		<u>9,500</u>	<u>2,494,898</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>508,486</u>	<u>(124,446)</u>	<u>(15,958)</u>	<u>5</u>	<u>(2,373)</u>	<u>365,714</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In		60,000	140,000	175,000	77,375	452,375
Transfers Out	(452,375)					(452,375)
<i>Total Other Financing Sources (Uses)</i>	<u>(452,375)</u>	<u>60,000</u>	<u>140,000</u>	<u>175,000</u>	<u>77,375</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	56,111	(64,446)	124,042	175,005	75,002	365,714
<i>Fund Balances Beginning of Year</i>	<u>519,190</u>	<u>302,737</u>	<u>166,287</u>			<u>988,214</u>
<i>Fund Balances End of Year</i>	<u>\$ 575,301</u>	<u>\$ 238,291</u>	<u>\$ 290,329</u>	<u>\$ 175,005</u>	<u>\$ 75,002</u>	<u>\$ 1,353,928</u>

See accompanying notes to the basic financial statements

**Twinsburg Public Library**  
**Summit County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2010*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 1,520,286	\$ 1,532,703	\$ 1,388,640	\$ (144,063)
Intergovernmental	1,196,255	1,179,166	1,356,528	177,362
Patron Fines and Fees	45,000	45,000	68,476	23,476
Contributions, Gifts and Donations	11,000	16,000	20,223	4,223
Earnings on Investments	5,000	5,000	1,404	(3,596)
Miscellaneous			17,198	17,198
<i>Total receipts</i>	<u>2,777,541</u>	<u>2,777,869</u>	<u>2,852,469</u>	<u>74,600</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Service and Programs	1,154,284	1,128,937	1,058,192	70,745
Collection Development and Processing	758,702	785,952	686,204	99,748
Support Services:				
Facilities Operation and Maintenance	326,188	413,626	254,375	159,251
Business Administration	477,668	355,358	328,756	26,602
Capital Outlay	99,190	104,691	89,550	15,141
<i>Total Disbursements</i>	<u>2,816,032</u>	<u>2,788,564</u>	<u>2,417,077</u>	<u>371,487</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(38,491)	(10,695)	435,392	446,087
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(100,000)	(452,375)	(452,375)	-
<i>Net Change in Fund Balance</i>	(138,491)	(463,070)	(16,983)	446,087
<i>Fund Balance Beginning of Year</i>	463,070	463,070	463,070	-
Prior Year Encumbrances Appropriated	56,120	56,120	56,120	-
<i>Fund Balance End of Year</i>	<u>\$ 380,699</u>	<u>\$ 56,120</u>	<u>\$ 502,207</u>	<u>\$ 446,087</u>

See accompanying notes to the basic financial statements

**Twinsburg Public Library  
Summit County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010*

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

The Samuel Bissell Memorial Library was established in 1910 and was organized as a school district public library in 1927 under the laws of the State of Ohio. The Library name changed to the Twinsburg Public Library in 1931. The Library has its own Board of Trustees of seven members who are appointed by the Twinsburg City Schools Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

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

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

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

The Twinsburg Public Library Foundation, Inc. (the Foundation) is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The Foundation is organized exclusively for charitable, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 and to operate exclusively for the benefit of the Twinsburg Public Library and to further the Library's charitable purposes. A Board of Trustees consisting of eleven (11) interested persons residing in the State of Ohio manages the Foundation's affairs. No Library Trustees or employees serve on the Foundation's Board.

Separately maintained statements for the Foundation are available from:

Treasurer, Twinsburg Public Library Foundation  
Twinsburg Public Library  
10050 Ravenna Road  
Twinsburg, Ohio 44087

**Twinsburg Public Library  
Summit County**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2010  
(Continued)*

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**Note 1 – Description of the Library and Reporting Entity (continued)**

Friends of the Twinsburg Public Library (the Friends) are a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The Friends is organized exclusively for charitable, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 and to operate exclusively for the benefit of the Twinsburg Public Library and to further the Library's charitable purposes. A Board of Trustees consisting of ten (10) interested persons residing in the State of Ohio manages the Friends' affairs. No Library Trustees or employees serve on the Friends' Board.

Separately maintained statements for the Friends are available from:

Treasurer, Friends of the Twinsburg Public Library  
10050 Ravenna Road  
Twinsburg, Ohio 44087

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 Twinsburg 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. The most significant of the Library's accounting policies are described below.

**A. Basis of Presentation**

The Library's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-wide Financial Statements**

The Statement of Net Assets and the Statement of Activities display information about the Library as a whole at December 31, 2010. These statements include the financial activities of the Library. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions.

The Statement of Net Assets presents the cash 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.

**Twinsburg Public Library  
Summit County**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2010  
(Continued)*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

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 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.

Debt Service Fund – The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Debt Service Fund was used primarily for the payment of the principal and interest on the OASBO note.

Building and Repair Fund – The building and repair fund accounts for monies set aside by the Board of Library Trustees specifically for major capital and technological improvements, additions, and renovations of the Library.

Construction Fund- The construction fund accounts for monies used to finance the circulation additions and renovations project.

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 disbursements (such as accounts payable and disbursements for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**Twinsburg Public Library  
Summit County**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2010  
(Continued)*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**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**

Library records identify the purchase of specific investments by specific funds.

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

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

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

During 2010 investments were limited to STAR Ohio.

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

**Twinsburg Public Library  
Summit County**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2010  
(Continued)*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

Investment procedures are restricted by the provisions of the Ohio Revised Code.

Interest is received to the fund where earned. Interest credited to Library funds during 2010 was:

General Fund	\$1,404
Debt Service Fund	665
Building and Repair Fund	346
Other Governmental Funds	<u>7</u>
Total Interest	<u>\$2,422</u>

**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. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds (and after nonoperating receipts/disbursements in proprietary funds). Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**I. 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.

**J. 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.

**K. Long-Term Obligations**

The Library's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither other financing sources nor capital outlay expenditures are reported at inception. Lease payments are reported when paid.

**Twinsburg Public Library  
Summit County**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2010  
(Continued)*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**L. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Library does not have any restricted net assets.

**M. 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 – 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 at year end (budgetary basis) amounted to \$73,094 in 2010.

**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.

Interim monies held by the Library can 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;

**Twinsburg Public Library  
Summit County**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2010  
(Continued)*

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**Note 4 – Deposits and Investments (continued)**

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; and
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.

At December 31, 2010 the Library had \$650 in undeposited cash on hand 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 the possession of an outside party. At December 31, 2010, \$347,269 of the Library's bank balance of \$756,031 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.

**Twinsburg Public Library  
Summit County**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2010  
(Continued)*

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**Note 4 – Deposits and Investments (continued)**

Investments

The Library had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity</u>
STAR Ohio	<u>\$618,316</u>	On demand

STAR Ohio carries a rating of AAAm by Standard and Poor's. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service,

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. Investments in STAR Ohio are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Securities include securities underlying repurchase agreements and investment securities. The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**Note 5 - Property Taxes**

The Twinsburg Public Library has two operating levies. The first levy for 1 mill was approved in November 6, 2001 and the second 1 mill levy was approved on August 5, 2008.

Property taxes include amounts levied against all real property and public utility property located in the Twinsburg City School District. Property tax receipts received in 2010 for real and public utility property taxes represents collections of the 2009 taxes.

2010 Real property taxes are levied after October 1, 2010 on the assessed values as of January 1, 2010 the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes levied in 2010 are collected in and intended to finance 2011.

Real property taxes are payable annually or semi-annually. 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 tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2010 public utility property taxes which became a lien on December 31, 2009, are levied after October 1, 2010, and are collected in 2010 with real property taxes

The full tax rate for all Library operations for the years ended December 31, 2010 was \$2.00 per \$1,000 of assessed value.

**Twinsburg Public Library  
Summit County**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2010  
(Continued)*

**Note 5 - Property Taxes (continued)**

The assessed values of real and personal property upon which property tax receipts were based are as follows:

	<u>Tax Year 2009 Collection 2010</u>
Real Property	\$ 583,194,590
Other Real Value	250,855,280
Public Utility Property	<u>12,213,490</u>
Total Real and PU Value	<u>\$ 846,263,360</u>
Remaining TPP Telephone Value	<u>818,938</u>
Total Value	<u>\$ 847,082,298</u>

Summit County collects property taxes on behalf of all taxing districts in the county, including the Library. Summit County periodically remits to the Library its portion of the taxes collected.

**Note 6 – Intergovernmental Revenue**

Intergovernmental revenue includes monies received from the state. In 2010, intergovernmental revenue was \$1,363,653. This money is derived from the Public Library Funds, State of Ohio tax relief programs, and grants passed through the State Library. The State programs include the 10% reduction in all real property that is not used in a business activity, the Homestead Exemption and reimbursement for property tax losses due to the phasing out of the Tangible Personal Property tax.

**Note 7 - 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 several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Gus A. Hoyas and Associates Nationwide Insurance Co.	General Liability Includes Commercial Crime Inland Marine Vehicle	\$ 2,000,000
Western Surety Company	Surety Bonds Fiscal Officer/Deputy	100,000

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

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

**Twinsburg Public Library  
Summit County**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2010  
(Continued)*

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**Note 8 - Defined Benefit Pension Plan**

Plan Description – The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2010, member and employer contribution rates were consistent across all three plans.

The Library's 2010 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits.

The Library's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$156,805, \$170,257, and \$169,029, respectively; 92 percent has been contributed for 2010 and 100 percent for 2009 and 2008.

**Note 9 - Postemployment Benefits**

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-

**Twinsburg Public Library  
Summit County**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2010  
(Continued)*

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**Note 9 - Postemployment Benefits (continued)**

Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Library’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$56,900, \$71,448, and \$84,514, respectively; 92 percent has been contributed for 2010 and 100 percent for 2009 and 2008.

**Note 10 - Notes Payable**

In order to provide financing for an expansion and renovation of the existing Library the Board of Trustees secured a note from the Ohio Association of School Business Officials (OASBO) Expanded Asset Pooled Financing Program for \$1,000,000 in December 2002. Pursuant to Section 3375.40 of the Ohio Revised Code the notes were issued based on anticipation of the Library and Local Government Service Fund monies.

**Twinsburg Public Library  
Summit County**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2010  
(Continued)*

**Note 10 - Notes Payable (continued)**

Principal and interest requirements to retire the general obligation note outstanding at December 31, 2010 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	115,000	10,035	125,035
2012	120,000	5,124	125,124
<b>Total</b>	<b>\$235,000</b>	<b>\$15,159</b>	<b>\$250,159</b>

**Note 11 – Leases**

The Library leases equipment under noncancelable leases. The Library disbursed \$5,478 to pay lease costs for the year ended December 31, 2010. Future lease payments (including interest) are as follows:

<u>Year</u>	<u>Amount</u>
2011	\$6,030
2012	5,765
2013	6,401
2014	5,394
2015	552
Total	<u>\$24,142</u>

**Note 12 – Interfund Transactions**

In 2010, total transfers of \$452,375 were made from the general fund to the building and repair fund, debt service fund, LSTA Federal grant fund, construction fund, and technology fund. Transfers were made to set-aside funding for future repairs to the building and Library grounds, to service debt from the OASBO loan payable, for the match required for the LSTA Federal grant, to set-aside and pay for the circulation department renovations and additions project, and to set-aside funds for future technological capital improvements and acquisitions.



# Dave Yost • Auditor of State

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

Twinsburg Public Library  
Summit County  
10050 Ravenna Road  
Twinsburg, Ohio 44087

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 Twinsburg Public Library, Summit County, Ohio, (the Library) as of and for the year ended December 31, 2010, which collectively comprise the Library's basic financial statements and have issued our report thereon dated May 8, 2012, wherein we noted the Library uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

### **Compliance and Other Matters**

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

We did note certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated May 8, 2012.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

May 8, 2012



# Dave Yost • Auditor of State

**TWINSBURG PUBLIC LIBRARY**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 5, 2012**