



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, 2011, 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, 2011, 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.

As described in Note 3, during 2011, the Library adopted the provision of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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, 2011 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, 2011, 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 2011 are as follows:

- Net assets of the Library increased \$58,417 or 4.31% from the previous year.
- Total fund balance in the Library's General Fund was \$726,738 at December 31, 2011, an increase of \$151,437 or 26.32% from the previous year.
- Capital Outlay disbursements increased \$207,573 or 233.20% 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 2011, 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, 2011  
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 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 and the Building and Repair 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 2011, compared to 2010 on a cash basis.

#### **Net Assets**

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 1,412,345	\$ 1,353,928
<b>Net Assets</b>		
Unrestricted	1,412,345	1,353,928
<b>Total Net Assets</b>	<b>\$ 1,412,345</b>	<b>\$ 1,353,928</b>



**Twinsburg Public Library**

Management's Discussion and Analysis  
For the Years Ended December 31, 2011  
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, 2011 and December 31, 2010.

**Table 2  
Change in Net Assets**

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
<b>Receipts</b>		
Program Receipts:		
Charges for Services and Sales	\$81,411	\$77,476
Operating Grants and Contributions	16,560	26,243
Capital Grants and Contributions	4,503	
<b>Total Program Receipts</b>	<u>102,474</u>	<u>103,719</u>
<b>General Receipts:</b>		
Property and Other Local Taxes	1,388,148	1,388,640
Grants and Entitlements not Restricted to Specific Purposes	1,312,062	1,356,528
Unrestricted Gifts and Contributions	561	1,105
Earnings on Investments	1,449	2,422
Miscellaneous	9,602	8,198
<i>Total General Receipts</i>	<u>2,711,822</u>	<u>2,756,893</u>
<i>Total Receipts</i>	<u>2,814,296</u>	<u>2,860,612</u>
<b>Disbursements</b>		
Current:		
Library Services:		
Public Service and Programs	1,084,997	1,060,608
Collection Development and Processing	658,509	648,062
Support Services:		
Facilities Operation and Maintenance	262,625	246,510
Business Administration	327,873	325,598
Capital Outlay	296,582	89,009
Debt Service:		
Redemption of Principal	115,000	110,000
Interest	10,293	15,111
<i>Total Disbursements</i>	<u>2,755,879</u>	<u>2,494,898</u>
<b>Increase/Decrease in Net Assets</b>	58,417	365,714
Net Assets, January 1	1,353,928	988,214
Net Assets, December 31	<u><u>\$1,412,345</u></u>	<u><u>\$1,353,928</u></u>

## Twinsburg Public Library

### Management's Discussion and Analysis For the Years Ended December 31, 2011 Unaudited

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For 2011, program receipts represent 3.64% of total cash receipts and are primarily comprised of customer fines and fees, and restricted contributions and donations.

For 2011, general cash receipts represent 96.36% of the Library's total cash receipts, and of general cash receipts, 51.19% are local taxes and 48.38% are intergovernmental revenue, primarily consisting of public library funds.

The increase of \$207,573 or 233.20% in capital outlay disbursements from the prior year, is due to the Library undertaking a major renovation and addition project in the circulation area.

Revenue for the Library was consistent with the prior year, as no significant new sources of revenue were obtained, such as new property tax levies, grants, or fees.

#### 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 2011; the major program disbursements for governmental activities are Public Service and Programs, Collection Development and Processing, and Business Administration, which account for 39.37%, 23.89% and 11.90%, of all Library expenses respectively, for 2011. The next three 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 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
Library Services				
Public Service and Programs	\$1,084,997	\$987,026	\$1,060,608	\$956,889
Collection Development and Processing	658,509	658,509	648,062	648,062
Support Services				
Facilities Operation and Maintenance	262,625	262,625	246,510	246,510
Business Administration	327,873	327,873	325,598	325,598
Capital Outlay	296,582	292,079	89,009	89,009
Principal Retirement	115,000	115,000	110,000	110,000
Interest and Fiscal Charges	10,293	10,293	15,111	15,111
Total Expenses	<u>\$2,755,879</u>	<u>\$2,653,405</u>	<u>\$2,494,898</u>	<u>\$2,391,179</u>

## **Twinsburg Public Library**

Management's Discussion and Analysis  
For the Years Ended December 31, 2011  
Unaudited

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

For 2011, governmental funds had total cash receipts of \$2,814,297 and total cash disbursements of \$2,755,880. The fund balance of the General Fund increased by \$151,437 or 26.32%. The reason for the increase is due to Library making fewer transfers to other funds in 2011, for future capital project set-asides and debt service requirement.

The Library's other major fund, the Building and Repair Fund accounts for resources that are set-aside for construction, improvement and repair of capital facilities.

### **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 2011, the Library amended its General Fund budget several times to reflect changing circumstances. Cash disbursements in 2011 were originally budgeted at \$3,101,101 while actual cash disbursements were \$2,718,506. 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, 2011, the Library's outstanding debt included \$120,000 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, 2011*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 1,412,345</u>
<b>Net Assets</b>	
Unrestricted	<u>1,412,345</u>
<i>Total Net Assets</i>	<u>\$ 1,412,345</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, 2011*

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Library Services:					
Public Service and Programs	\$ 1,084,997	\$ 81,411	\$ 16,560		\$ (987,026)
Collection Development and Processing	658,509				(658,509)
Support Services:					
Facilities Operation and Maintenance	262,625				(262,625)
Business Administration	327,873				(327,873)
Capital Outlay	296,582			4,503	(292,079)
Debt Service:					
Principal Retirement	115,000				(115,000)
Interest and Fiscal Charges	10,293				(10,293)
<i>Total Governmental Activities</i>	<u>\$ 2,755,879</u>	<u>\$ 81,411</u>	<u>\$ 16,560</u>	<u>\$ 4,503</u>	<u>\$ (2,653,405)</u>
<b>General Receipts</b>					
					1,388,148
					561
					1,312,062
					1,449
					9,602
					<u>2,711,822</u>
					58,417
					<u>1,353,928</u>
					<u>\$ 1,412,345</u>

See accompanying notes to the basic financial statements

**Twinsburg Public Library**  
*Statement of Assets and Fund Balances- Cash Basis*  
*Governmental Funds*  
*December 31, 2011*

	General Fund	Building and Repair Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 726,738</u>	<u>\$ 329,011</u>	<u>\$ 356,596</u>	<u>\$ 1,412,345</u>
<b>Fund Balances</b>				
Assigned	56,291	329,011	356,596	741,898
Unassigned	<u>670,447</u>	<u>                    </u>	<u>                    </u>	<u>670,447</u>
<i>Total Fund Balances</i>	<u>\$ 726,738</u>	<u>\$ 329,011</u>	<u>\$ 356,596</u>	<u>\$ 1,412,345</u>

See accompanying notes to the basic financial statements

**Twinsburg Public Library**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2011*

	General Fund	Building and Repair Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$ 1,388,148			\$ 1,388,148
Public Library	1,019,116			1,019,116
Intergovernmental	297,449			297,449
Patron Fines and Fees	73,312			73,312
Services Provided to Other Entities	8,100			8,100
Contributions, Gifts and Donations	17,121			17,121
Earnings on Investments	804	\$ 263	\$ 382	1,449
Miscellaneous	9,602			9,602
<i>Total Receipts</i>	<u>2,813,652</u>	<u>263</u>	<u>382</u>	<u>2,814,297</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	1,084,997			1,084,997
Collection Development and Processing	658,509			658,509
Support Services:				
Facilities Operation and Maintenance	262,625			262,625
Business Administration	327,873			327,873
Capital Outlay	97,711	61,581	137,291	296,583
Debt Service:				
Principal Retirement			115,000	115,000
Interest and Fiscal Charges			10,293	10,293
<i>Total Disbursements</i>	<u>2,431,715</u>	<u>61,581</u>	<u>262,584</u>	<u>2,755,880</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>381,937</u>	<u>(61,318)</u>	<u>(262,202)</u>	<u>58,417</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In		100,000	130,500	230,500
Transfers Out	(230,500)			(230,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(230,500)</u>	<u>100,000</u>	<u>130,500</u>	
<i>Net Change in Fund Balances</i>	151,437	38,682	(131,702)	58,417
<i>Fund Balances Beginning of Year</i>	<u>575,301</u>	<u>290,329</u>	<u>488,298</u>	<u>1,353,928</u>
<i>Fund Balances End of Year</i>	<u>\$ 726,738</u>	<u>\$ 329,011</u>	<u>\$ 356,596</u>	<u>\$ 1,412,345</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, 2011*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 1,542,858	\$ 1,542,858	\$ 1,388,148	\$ (154,710)
Public Library	1,071,145	1,019,116	1,019,116	-
Intergovernmental	148,297	150,667	297,449	146,782
Patron Fines and Fees	45,000	45,000	73,311	28,311
Services Provided to Other Entities	5,400	5,400	8,100	2,700
Contributions, Gifts and Donations	12,000	15,800	17,121	1,321
Earnings on Investments	1,100	1,100	804	(296)
Miscellaneous			9603	9,603
<i>Total receipts</i>	<u>2,825,800</u>	<u>2,779,941</u>	<u>2,813,652</u>	<u>33,711</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Service and Programs	1,165,773	1,164,646	1,089,116	75,530
Collection Development and Processing	801,049	873,429	700,637	172,792
Support Services:				
Facilities Operation and Maintenance	411,859	342,030	265,324	76,706
Business Administration	403,597	551,072	330,454	220,618
Capital Outlay	118,823	121,193	102,475	18,718
<i>Total Disbursements</i>	<u>2,901,101</u>	<u>3,052,370</u>	<u>2,488,006</u>	<u>564,364</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(75,301)	(272,429)	325,646	598,075
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(100,000)	(230,500)	(230,500)	-
<i>Net Change in Fund Balance</i>	(175,301)	(502,929)	95,146	598,075
<i>Fund Balance Beginning of Year</i>	502,207	502,207	502,207	-
Prior Year Encumbrances Appropriated	73,094	73,094	73,094	-
<i>Fund Balance End of Year</i>	<u>\$ 400,000</u>	<u>\$ 72,372</u>	<u>\$ 670,447</u>	<u>\$ 598,075</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, 2011*

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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, 2011  
(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 participates in the Ohio Plan Risk Management, Inc. public entity risk pool. Note 7 describes the risk pool in more depth.

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, 2011. These statements include the financial activities of the Library. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions.

**Twinsburg Public Library  
Summit County**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011  
(Continued)*

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

The Statement of Net Assets presents the cash balances of the governmental activities of the Library at year end December 31, 2011. 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. 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.

Building and Repair Fund - This 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.

**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, 2011  
(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 2011 investments were limited to STAR Ohio and nonnegotiable certificates of deposit. Except for STAR Ohio, 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, 2011.

**Twinsburg Public Library  
Summit County**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011  
(Continued)*

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

**E. Cash and Cash Equivalents (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 2011 was:

General Fund	\$804
Building and Repair Fund	263
Other Governmental Funds	<u>382</u>
Total Interest	<u>\$1,449</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, 2011  
(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

Fund balance is divided into five classifications based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Library Trustees. Those committed amounts cannot be used for any other purpose unless the Library Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when disbursements are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Twinsburg Public Library  
Summit County**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011  
(Continued)*

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**Note 3 – Change in Accounting Principle**

For 2011, the Library implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 did not require any adjustments to December 31, 2010 fund balances, as the Library did not have any special revenue funds.

**Note 4 – 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 restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$56,291 for the general fund.

**Note 5- 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;
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;

**Twinsburg Public Library  
Summit County**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011  
(Continued)*

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**Note 5 – Deposits and Investments (continued)**

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.

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

At December 31, 2011 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, 2011, \$354,773 of the Library's bank balance of \$947,622 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, 2011  
(Continued)*

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**Note 5 – Deposits and Investments (continued)**

Investments

The Library had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity</u>
STAR Ohio	\$ 348,463	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."

**Concentration of Credit Risk** The Library places no limit on the amount it may invest in any one issuer. The Library had 63.53% of its investments in STAR Ohio and 36.47% of investments in certificates of deposit from a single issuer.

**Note 6- 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 2011 for real and public utility property taxes represents collections of the 2010 taxes.

2011 Real property taxes are levied after October 1, 2011 on the assessed values as of January 1, 2011 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 2011 are collected in and intended to finance 2012.

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, 2010, are levied after October 1, 2011, and are collected in 2011 with real property taxes. The full tax rate for all Library operations for the years ended December 31, 2011 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, 2011  
(Continued)*

**Note 6- Property Taxes (continued)**

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

	Tax Year 2010 Collection Year 2011
Real Property	\$ 587,973,030
Other Real Value	248,945,910
Public Utility Property	12,965,370
Total Real and PU Value	\$ 849,884,310

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 7 - Risk Management**

Beginning January 1, 2011, the Library began participating in the Ohio Plan Risk Management, Inc. public entity risk pool. Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively (latest information available).

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009 (latest information available):

	2010	2009
Assets	\$12,036,541	\$11,176,186
Liabilities	(4,845,056)	(4,852,485)
Members' Equity	\$7,191,485	\$6,323,701

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, 2011  
(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, 2011, 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 2011, member and employer contribution rates were consistent across all three plans.

The Library's 2011 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, 2011, 2010, and 2009 were \$160,928, \$156,805, and \$170,257, respectively; 92 percent has been contributed for 2011 and 100 percent for 2010 and 2009.

**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-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

**Twinsburg Public Library  
Summit County**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011  
(Continued)*

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

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 4 percent for calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for calendar year 2011.

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, 2011, 2010, and 2009 were \$45,979, \$56,890, and \$71,448, respectively; 92 percent has been contributed for 2011 and 100 percent for 2010 and 2009.

**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.

Principal and interest requirements to retire the general obligation note outstanding at December 31, 2011 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	120,000	5,124	125,124

**Twinsburg Public Library  
Summit County**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011  
(Continued)*

**Note 11 – Leases**

The Library leases equipment under noncancelable leases. The Library disbursed \$6,030 to pay lease costs for the year ended December 31, 2011. Future lease payments (including interest) are as follows:

<u>Year</u>	<u>Amount</u>
2012	5,765
2013	6,401
2014	5,394
2015	<u>552</u>
Total	<u>\$18,112</u>

**Note 12 – Interfund Transactions**

In 2011, total transfers of \$230,500 were made from the general fund to the building and repair fund, and other governmental funds. Transfers were made to set-aside funding for future repairs to the building and Library grounds, to service debt from the OASBO loan payable, 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.

**Note 13- Construction and Contractual Commitments**

During 2011, the Library began renovations and additions to its circulation department, with contractual commitments of \$195,150. As of December 31, 2011, the Library expended \$116,099 on the project, leaving outstanding contractual commitments of \$79,051 for the project.

**Note 14 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Building and Repair</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Assigned to</b>				
Business Administration	5,281			5,281
Collection Development and Processing	45,495			45,495
Capital Outlay	1,195	329,011	228,972	559,178
Debt Service			127,624	127,624
Other Purposes	<u>4,320</u>			<u>4,320</u>
Total Assigned	56,291	329,011	356,596	741,898
<b>Unassigned</b>	<u>670,447</u>			<u>670,447</u>
<i>Total Fund Balances</i>	<u>\$726,738</u>	<u>\$329,011</u>	<u>\$356,596</u>	<u>\$1,412,345</u>

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# 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, 2011, 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. Also, we noted the Library adopted Governmental Accounting Standards Board Statement No 54 (GASB 54). 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**